Germany . . DM 2.20	Morocco . . Dh 6.00	Tunisia . . Dn 0.600
Greece . . . . Dr 60	Netherlands . Fl 2.50	Turkey . . . . L 180
Hong Kong . . HK$ 12	Norway . . Nkr. 6.00	U.A.E. . . . Dh 6.50
India . . . . Rup. 15	Philippines . . Pes. 20	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,455 Tuesday October 23 1984 D 8523 B

Republicans still rule on Wall Street, Page 20

NEWS SUMMARY

GENERAL

UK hopes to avert national pit strike

Britain's National Coal Board will meet for talks today with the pit supervisors' union Nacods in an attempt to avert a national strike called for Thursday.

The strike – called mainly over the board's plans to close uneconomic pits – might shut the collieries that have produced coal during the miners' strike.

Peter Walker, Energy Secretary, said the Government would take all necessary actions to keep power stations working if the strike by Nacods went ahead. But he said use of the army was not yet contemplated. **Page 18**

Thailand wins vote

Anti-communist Thailand defeated Soviet bloc ally Mongolia for a two-year term on the United Nations Security Council on the fourth round of balloting by the General Assembly.

Barzel denial

West German parliament speaker Rainer Barzel denied accepting a $500,000 payment from the Flick industrial group in 1973 to stand down as Christian Democrat leader in favour of present Chancellor, Helmut Kohl. **Page 2**

Gulf war toll

Iraq said it killed a further 400 Iranian troops in the central sector of the Gulf war front, bringing total Iranian casualties to 2,490 in the latest round of fighting, which began last week. **Page 3**

Contributions ban

Indian Government banned foreign contributions to political parties – less than three months before national elections and amid complaints by Prime Minister Indira Gandhi of external threats to India's stability.

Nicaragua boycott

Nicaragua's main opposition to the ruling Sandinistas, the Liberal Independence Party, decided to withdraw from the November 4 presidential and general elections. **Page 4**

Sri Lanka blasts

Three people were killed and at least 15 injured as seven bombs exploded in Colombo and its outskirts. Three other bombs in the capital were defused. **Page 3**

Minister dismissed

Angola's hardline pro-Soviet Foreign Minister Paulo Jorge has been dismissed by presidential decree, Angola Radio reported.

Iceland strike

Public services in the Iceland capital Reykjavik were halted again after municipal workers decisively rejected a pay offer and rejoined the four-week-old public-sector strike. **Page 2**

Italian trial

Italy's biggest trial of leftist guerrillas ended after nearly 11 months with 15 defendants being jailed for life and more than 170 others receiving sentences totalling 1,206 years.

Kidnap priest 'seen'

Polish Government spokesman said that Roman Catholic priest Father Jerzy Popieluszko, reported kidnapped last week, had been seen since his disappearance and that the authorities had been the victim of a provocation.

Police killed

Suspected Peruvian Maoist guerrillas killed 11 policemen in raids on two isolated jungle outposts, police said.

BUSINESS

Turkey to buy seven A-310s

TURKEY has decided to buy seven Airbus aircraft for its national carrier in a deal expected to be worth about $170m. Minister of State Mesut Yilmaz said Turkey would purchase four Airbus A-310-200 aircraft next year and three more in 1986.

STERLING recovered slightly in London, rising 70 points to $1.1995. It was also higher at DM 3.6875 (DM 3.665), SwFr 3.0325 (SwFr 3.02), FFr 11.32 (FFr 11.25) and Y296.5 (Y294.75). On Bank of England figures, its trade-weighted index rose 0.4 to 74.4. In New York it closed at $1.2005. **Page 41**

DOLLAR traded quietly in London, rising to DM 3.075 (DM 3.072) but falling to SwFr 2.529 (SwFr 2.5325), FFr 9.435 (FFr 9.45) and Y247.25 (Y247.35). The dollar's trade-weighted index rose to 143.8 from 142.8. In New York it closed at DM 3.073, FFr 9.4255, SwFr 2.5295 and Y247.25. **Page 41**

WALL STREET: The Dow Jones industrial average closed 8.73 down 1,217.20. **Section III**

LONDON equities were troubled by the miners' strike and oil prices although gilts held early gains. The FT Industrial Ordinary index fell 2 points to 855.5. **Section III**

TOKYO extended last week's rally with a further 149.16-point rise in the Nikkei Dow average to 11,077.84. **Section III**

AMSTERDAM shares advanced in heavy trading, taking the ANP-CBS General index up 2.7 to a record 182.1. In Frankfurt, the Commerzbank index added 2.9 to an all-time high 1,101.2. **Section III**

GOLD rose 75 cents on the London bullion market to $339.25. It was also higher in Zurich at $339 but unchanged in Frankfurt at $339.25. In New York, the Comex October settlement was $336.40. **Page 40**

LEBANON has introduced measures to strengthen its pound after a flight of currency pushed the pound to a record low against the U.S. dollar. It will seek Arab economic aid and close illegal ports.

INSURANCE industry on both sides of the Atlantic signed agreements aimed at the recovery and possible relaunch of two ailing satellites. **Page 6**

EEC unemployment rose to 11.3 per cent last month from 11 per cent in August and 10.7 per cent in September 1983. Number unemployed in the EEC, excluding Greece, was 12.7m.

MERRILL LYNCH reported third-quarter earnings of $80m or 87 cents a share against $33m or 38 cents a share for the same period last year.

PIRELLI, leading Italian tyres and cables group, released first ever combined profit-and-loss account for its operations in 16 countries showing that the group made a net profit of $32.3m on total revenues of $1.84bn in the first six months. **Page 19**

REVLON, the U.S. cosmetics group, increased third-quarter net earnings to $23.4m (against $20.5m) on revenue of $617m ($600m).

ARBED, the Luxembourg steel group, had first-half net profit of LuxFr 212m ($3.4m) against losses of LuxFr 945m in the comparable period, partly reflecting the effects of a financial restructuring. **Page 20**

NORTHERN TELECOM, the Canadian telecommunications group, lifted third-quarter earnings to a record C$75m (U.S.$57m) on the strength of heavy U.S. demand. **Page 19**

NATIONAL INTERGROUP, U.S. steel and financial services group, reported a drop in third-quarter earnings to $7.6m from $16.2m. For the first nine months, net income totalled $39.8m against a $118.4m net loss. **Page 19**

Relaxed Reagan hits better debating form and rebuts age issue

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

A CONFIDENT President Ronald Reagan yesterday appeared to have achieved most of his objectives in his second and final televised campaign debate with Mr Walter Mondale – without, however, emerging as the outright winner.

Mr Reagan's advisers immediately claimed that his generally relaxed and "presidential" performance had set to rest the doubts about his age and competence raised by the first debate two weeks ago, and had put him back on the road to a clear victory at the polls on November 6.

Their assessment was, inevitably, disputed by the Mondale camp, which claimed that the Democratic challenger had convincingly shown himself in greater mastery of the issues and proved that Mr Reagan was not fully "in command" of U.S. defence, foreign and strategic nuclear policy.

Snap polls conducted immediately after the debate in Kansas City on Sunday night gave Mr Reagan a narrow edge over Mr Mondale, who seemed tenser, less effective and less humorous than in his successful challenge to the President's domestic policies in the first debate in Louisville, Kentucky.

An ABC News poll gave Mr Reagan a win by 39 to 36 per cent, while a Newsweek survey called the outcome "essentially a draw," with Mr Reagan ahead by 43 to 40 per cent. Initial soundings by the newspaper USA Today gave Mr Reagan the victory by 44 to 27 per cent.

Many political analysts said Mr Mondale had been shaper and more knowledgeable on the complicated issues of nuclear deterrence and foreign policy that dominated the second debate. He had not, however, scored the knockout he needed with only 15 days of campaigning left and Mr Reagan still well ahead in the polls.

Mr Reagan, although rambling in his closing statement about time capsules and the beauty of the California coastline, largely recovered his old touch and reassured the bulk of his supporters that he was not the doddering bumbler he had looked to many in the first debate.

The consensus yesterday was that he had done enough to hold the line and ensure his re-election. It will be several days, however, before a more complete verdict emerges from the public opinion polls.

The high point of the debate, and by far Mr Reagan's most successful intervention, came when he was asked bluntly whether, at his age, he might lack the strength and stamina to see the nation through a lengthy international crisis.

"I' will not make age an issue," Mr Reagan replied. "I will not exploit my opponent's youth and inexperience." The much applauded response was hailed by many commentators as, in baseball terms, a "home run" for the President that might even have won him the election at a single stroke.

Mr Reagan also raised a laugh by mocking a Mondale commercial in which the Democratic candidate appears on the deck of the aircraft carrier Nimitz to demonstrate his commitment to a strong defence. If Mr Mondale had been in charge, Mr Reagan said, "he would have been deep in the water out there, because when the Nimitz was built he was against it."

Mr Mondale nevertheless appeared largely to have succeeded in one of his main aims in the debate, which was to counter Mr Reagan's accusations that he was weak on defence. Constantly emphasising the need for American strength, Mr Mondale snapped at Mr Reagan, to loud applause: "I accept your commitment to peace, but I want you to accept my commitment to a strong defence."

On many specific issues, Mr Mondale also scored points against Mr Reagan who could do not better than somewhat lamely rebut this attacks. Mr Reagan fumbled over the accusation that, whether in advertently or not, he had allowed the Central Intelligence Agency to distribute a "murder manual" to the U.S.-backed guerrillas in Nicara-

Continued on Page 18

Republicans still rule on Wall Street, Page 18

Six Opec members expected to cut oil production by 3m b/d

BY DOMINIC LAWSON IN GENEVA

OIL MINISTERS from six Opec countries, together with ministers from Egypt and Mexico, are expected to leave Geneva today having worked out an outline strategy for maintaining current official Opec prices by cutting output by about 3m barrels a day.

They hope that this reduction in the present official Opec production ceiling of 17.5m barrels a day will create a shortfall in oil supplies when the northern hemisphere moves into its period of peak winter demand for oil.

That might enable Nigeria, which cut its crude prices by as much as $2 a barrel last week, to restore official Opec prices. Ministers are hoping for at least a temporary end to the rift in the cartel's pricing structure based on $29 a barrel of Arabian Light.

Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, confirmed yesterday that there would be no change in Opec prices.

Kemal Hassan Maghur, the outgoing Libyan Oil Minister, said yesterday: "In 1983 we cut our prices. In 1984 we are not going to do it. We will suffer to keep the $29 price."

Whether the producers will actually be forced to resort to a 3m b/d cutback may depend on reactions in the oil markets to yesterday's outline agreement. Such a cut would certainly mean some suffering for the Opec countries if it was fully observed.

It seems that Sheikh Yamani – who arranged the current informal meeting of Opec and non-Opec ministers will announce a cut of about 1.5m b/d in Saudi output. However, Opec observers in Geneva, London and America all question the ability of other Opec producers to deliver the additional combined production cut of 1.5m b/d.

The countries that responded to Sheikh Yamani's invitation to meet in Geneva – Kuwait, Libya, Algeria, Venezuela and the United Arab Emirates – are those considered most able to support temporary cutbecks in their quotas.

Of the other Opec countries, Indonesia and Qatar are already exceeding their quotas. Ecuador and Gabon are only very minor producers. Iran and Iraq need all their existing production to finance their war efforts.

Sheikh Yamani also invited the oil ministers of non-Opec producers Mexico and Egypt in order to persuade them neither to follow Nigeria's price cuts nor to meet any supply shortfall caused by the planned cuthacks in Opec production.

Prof Tam David-West, Nigeria's Oil Minister, was invited by Sheikh Yamani to attend possibly so that he could reassure other producers that Nigeria's cut was of a temporary nature. However, Prof David-West did not arrive to face what would have been a very frosty reception from his fellow Opec ministers.

It was pointed out by members of Opec delegations yesterday that the talks have not been an official Opec meeting and therefore those present could oot constitutionally decide or announce what the 13-member organisation would do to surmount the current oil price crisis. However, some general statement of intent is likely later today.

The main idea of the meeting was to hammer out a Saudi-led, concerted policy of production cutbacks which will be put to the full meeting of Opec ministers which begins in Geneva next Monday.

It had been felt that the oil ministers might stay in Geneva until next week's meeting in order to bolster the shaken confidence of world oil markets. However, there is a long-planned meeting of Arab mineral resources ministers starting in Rabat, Morocco, tomorrow.

Maurice Samuelson writes from London: Oil markets were in disarray yesterday, as they awaited the outcome of the Opec meeting.

Dealers talked about a $1.25 rise for the November price of Brent Crude, the North Sea marker product, to $27.80 a barrel. But there was no trading at that price.

Spot prices, Page 40

UK limits stakes in Telecom to 10%

By Guy de Jonquieres in London

THE UK Government has tightened the rules for the planned flotation of British Telecom to prevent any applicant from acquiring more than 10 per cent of the state telecommunications groups shares when they are offered for sale next month.

It also expected the Director General of Fair Trading to use tougher criteria than usual when deciding whether to advise the Government to refer to the Monopolies and Mergers Commission "substantial acquisitions" of BT shares made by big companies on the open market.

Although the Government would retain 49 per cent of BT, it did not intend normally to exercise its rights as a shareholder. The director general would, therefore, be likely to count the interests of other shareholders for double their value when applying the merger test under the 1973 Fair Trading Act.

The new rules are intended to prevent embarrassment of the kind that resulted last summer when Enterprise Oil was sold to the private sector. The Government had to intervene to block a bid by Rio Tinto-Zinc, the large natural resources group, to buy 49 per ceot of Enterprise.

The Government also wants to prevent any of British Telecom's main suppliers from acquiring shareholdings big enough to give them direct influence over its policies after it is sold to the private sector. There have been unconfirmed reports recently that some large UK telecommunications manufacturers were considering such purchases.

Telecom deregulation for Japan, Page 4

Growth in West Germany 'may decline to 2%'

BY RUPERT CORNWELL IN BONN

ECONOMIC growth in West Germany is likely to decline next year on present trends to 2 per cent, well below its potential and not enough to forestall a further small rise in unemployment.

That was the sober picture drawn yesterday in the annual autumn report from the country's five leading research and forecasting institutes.

Those bodies called on the centre-right coalition to carry out its promised DM 20bn ($6.5bn) tax cuts in one swoop in 1986, instead of phasing them in between then and 1988.

The forecast drew an immediate call from the opposition Social Democrats (SPD) for more state spending, especially in technology and on the environment.

The less buoyant outlook for West Germany conforms with that for the other main industrialised countries, where growth is set to slip from almost 5 per cent in 1984 to just 3 per cent next year.

Even so, the institutes believe that despite a possible increase in the value of the D-Mark against other European currencies in 1985, exports will remain a driving force behind the economy.

Exports are set to grow some 6.5 per cent, which is down on the 8 per cent expected this year. As a result, the current-account surplus might double in 1985, DM 20bn, from the DM 10bn expected in 1984.

The institutes, however, acknowledge the improvement in the West German economy since Chancellor Helmut Kohl led the centre-right back to power two years ago.

They point to the decline in inflation, which is preseotly at a 15-year low of 1.5 per cent. Although the report warns that conditions are unlikely to be as favourable next year, 1985 should see prices rise by only 2 per cent.

The report reckons that the federal deficit might drop next year to DM 20bn, compared with about DM 30bn in 1984, and less than half that figure for the year before.

However, the institutes warn, present economic, social and wage trends mean that growth will be insufficient to generate a real improvement in employment, despite the departure from West Germany of many foreign workers and the wider possibility of early retirement.

Most of the institutes believe that the shorter working week, agreed last summer in engineering and other industries, will if anything reduce the chances of new issues. However, two of the five bodies feel that the 38.5-hour week might improve the picture, if employers are allowed to exploit the leeway for greater flexibility at plant level.

The consensus is thet unemployment, on a seasonally adjusted basis, might increase fractionally to 2.28m, or 9.4 per cent of the workforce, from 2.27m this year.

The impact of the new shorter hours contracts, which take effect only from next April, is likely to become only gradually apparent. The majority opinion is, however, that many companies might be driven by the prospect of higher unit labour costs to increase investments rather than jobs. Corporate spending is expected to grow by 5 per cent in 1985.

UK poised to warn Japan over access to financial markets

BY JUREK MARTIN IN TOKYO

BRITAIN is prepared to tell Japan that if UK institutions are not allowed better access to Japanese financial markets, Japanese securities houses will be denied opportunities to expand their activities in London.

Financial officials from the two countries begin their first ever round of bilateral discussions here this week and comments from both teams suggest that the exchanges may be explicit and tough.

Nevertheless, the British side insists that the talks will be exploratory and will not be marked by the altercations and demands that characterised those earlier this year between the U.S. and Japan.

Specifically, the UK delegation will make clear that it expects Japan's Ministry of Finance to grant branch licenses to three pending British applicants – W. I. Carr (Overseas), the Hong Kong-based stockbroking subsidiary of Exco, the financial services group, and to S. G. Warburg and Kleinwort Benson, the merchant banks.

The ministry, in leaked stories in the Japanese press, however, is countering that the legal distinction that Japan makes between banking and broking may cause difficulties for the last two, as well as for other applications from British institutions which are in effect controlled by commercial banks (such as Samuel Montagu, whose parent company is Midland Bank).

If the ministry digs in its heels, the British are prepared to state that there is no realistic chance of the "big four" Japanese securities houses – Nomura, Nikko, Daiwa and Yamaichi – bring granted the British deposit-taking licences they are understood to be seeking.

A British official in Tokyo added that Nomura Securities, whose application has been a subject to controversy for some time, was essentially asking for permission to do in London what it could not in Tokyo.

He noted that where a foreign securities house had been granted a deposit-taking licence in Britain (Goldman Sachs, for example), Bank of England permission had only been given on precisely defined terms. Those include a ban on intra-company dealings between the UK subsidiary and its foreign parent, an insistence that control over the British operations be vested in the UK, and the stipulation that the parent company be answerable to banking regulatory criteria in its home country.

It may be difficult, in the UK view, for Japanese securities firms to meet such standards. They have not convinced British officials why they wanted deposit-taking licences in London, although it is widely believed that their principal purpose is to engage in syndicated lending.

However, the UK attitude is that if firms of the international standing of S.G. Warburg are deemed unfit to operate more fully in Japan, then firms such as Nomura Securities may hardly be expected to be allowed to take part in, for example, the new London gilt-edged market.

A collision may also be unavoidable if the ministry includes no British institution in the list of foreign firms it considers qualified to take part in Japanese trust banking. The ministry is said to be on the verge of approving seven foreign banks for the role, of which four are likely to be American and one each from West Germany, Switzerland and another country.

Britain acknowledges that the most qualified UK institutions are probably the accepting houses, which sufficiently resemble Japanese securities firms to run foul of the prohibition, under the liberalisation programme of brokers engaging in trust banking.

However, Britain is prepared to argue that, with the Japanese pension fund business still in relative infancy, it might not serve Japan's best interests to deny itself access to the fund management expertise for which UK institutions are well known.

CONTENTS

Greens' advance changes political scene in Austria

BY PATRICK BLUM IN VIENNA

AUSTRIA'a Green parties have overnighl become a factor which will change the political sceoe. This is the result of an unexpectedly strong showing by the combined forces of the left-wing Alternative List (AL) and the conservative Austrian Greens (VGO) on Sunday in elections for the provincial parliamenl of Vorarlberg, Austria's westernmost province.

The two Green parties, which for the first time ran a joinl campaign, won 13 per cent of the vote and four seats in the Assembly, while all the other parties registered losses. The results are a setback for the conservative People's Party which remains the ruling party in Vorarlberg but with its majority seriously reduced, and for the Socialist Party – dominant partner in the federal government coalition – which lost even more votes than the conservatives.

At the final count the conservatives lost 4,000 votes and their majority was cut from 57.5 per cent to 51.6 per cent. They won 20 seats, losing two.

The Socialists lost about 5,000 votes and saw their share of the vote fall from 29 per cent to 25 per cent. They won nine seats, losing one.

The liberals, minor partner in the federal government, lost more than 2,000 votes and their share of the vote fell 2 per cent to 10.5 per cent. They won three seats, losing one.

A jubilant Herr Kaspanaze Simma, leading candidate for the Greens, admitted surprise at the scale of his party's success, which is seen as a major breakthrough and a political event which will heve important political repercussions. In the last general election, in 1983, the share of the vote of the two Green parties which then ran separate campaigns was only 3.3 per cent.

"I said that people were not satisfied with the established parties and wanted to vote for something new, but I never imagined that we would give them such a drubbing," Herr Simma said.

The poor showing of the main parties confirms a trend which has been apparent for some time and which indicates that an increasing number of Austrians are growing tired of the old parties and switching their votes away from consensus and established politics.

This was the case in recent provincial elections in Carinthia where the local Liberal Party candidate won a substantial share of the vote on the basis of a strongly nationalist and populist campaign conducted in clear opposition to the party's leadership.

What has been so far perceived mainly as protest vote may now take on a new and more permanent significance.

A spokesman for the Chancellery admitted yesterday that the results were bad for the established parties and that the Government would have to pay much more attention to issues raised by the Greens.

Herr Barzel (left) yesterday with Herr Alfred Dregger, head of the CDU/CSU parliamentary grouping

Barzel prepares to fight

BY OUR BONN CORRESPONDENT

HERR RAINER BARZEL, the Speaker of the West German Parliament who is fighting for his political life, yesterday categorically denied he had received money from the Flick industrial concern.

His statement is the clearest sign yet that he will fight to the last to avoid resignation, either before or after his appearance tomorrow before the parliamentary committee probing alleged payments by Flick to leading politicians in the late 1970s.

The affair, which has already brought about the resignation last June of Count Otto Lambsdorff, the former Economics Minister, revolves around whether such payments were to secure favourable tax treatment on capital gains of more than DM 800m (£210m).

The allegations against Herr Barzel concern DM 1.7m he received between 1973-79 from the Frankfurt legal practice of Herr Albert Paul, which was also acting on behalf of Flick.

Herr Barzel declared yesterday that the money he had received from the practice, for which he then worked, was "not identical" with payments made to it by Flick. Herr Paul insisted on the sama point.

Italian TV dispute settled

BY JAMES BUXTON IN ROME

THE ITALIAN Government has legalised private nationwide TV networks, thus ending the uncertainty which last week culminated in several important private transmitters being shut.

The cabinet has issued a decree which makes legal Italy's three national television networks, all of which are controlled by Sig Silvio Berlusconi, a Milanese entrepreneur. Thair audience at times is claimed to be greater than that of the RAI, the state broadcasting system.

There has always been serious doubt whether private broadcasting was legal on anything more than a local basis. Sig Berlusconi's networks avoided the problem by broadcasting the same programmes simultaneously from chains of local stations using pre-recorded cassettes.

Last week, however, magistrates closed his stations in three areas on the grounds that they were breaking the law by operating a national network.

Sig Berlusconi appealed to Sig Bettino Craxi, the Prime Minister, within 24 hours of the decision. He also urged viewers to telephone the Prime Minister'a office to complain at the loss of their favourite programmes.

Turkey tries to enlist Iran against Kurd rebels

By David Barchard in Ankara

ANKARA's relations with Iran, normally cordial and businesslike, have been strained by Tehran's apparent reluctance to co-operate with Turkey and Iraq in a crack-down on Kurdish rebels in the mountainous region where the three countries meet.

Turkey admits 18 soldiers have died in clashes since mid-August, though some officials say privately that the figure is nearly twice that.

Mr Ali Tanriyar, Turkey's Foreign Minister, and General Necdet Orztorun, the deputy Chief of General Staff, were yesterday in Tehran to try to soften Iran's opposition to cross-border operations.

One factor in the recent fighting seems to have been the displacement of large numbers of Kurdish tribesmen from Iran toto areas south of Van in eastern Turkey during the summer.

Prime Minister Turgut Ozal last week indicated that Turkey might be ready, if Bagbdad agreed, to launch operations into Iraqi territory where large numbers of fugitive Kurdish rebels are believed to be based. Officials here still disclaim the suggestion that Turkey has made any significant incursion into Iran of the sort seen in May last year.

However, it looks as if large-scale helicopter operations in Turkey have forced most of the Kurdish guerrilla groups to flee into Iran or Iraq, and that Turkish policy is concentrating on long-term solutions to avoid future flare-ups.

All the country'e political leaders have now paid visits to the south-east, and the area's social and economic backwardness is being stressed in Press reports.

The underlying problem, however, remains the virtual impossibility of sealing off the mountainous frontier. There is talk of shifting at least some border villages to more secure areas. At present it still appears possible for local Kurdish groups to cross virtually at will.

With nearly 8m Kurdish-speakers in its 47m population, Turkey has always been worried about the growth of Kurdish separatist movements.

The 1982 constitution and subsequent legislation strongly discourages public use of the language and emphasises the need for assimilation.

Recent guerrilla attacks seem to have been inspired by two of the six main separatist factions — supporters of the sons of the late Mullah Mustafa Barzani and the Kurdistan Democratic Party, and the PKK or Workers' Party of Kurdistan, a Marxist group established in Turkey in the 1970s.

● Mr Ozal inaugurated one of Turkey's principal energy projects at the weekend when the first unit of the lignite-fuelled Afsin Elbistan power station went into operation.

The plant, which has four units with a total capacity of 1360 mW, has been under construction for seven years with support from the World Bank, tha European Investment Bank, and the Sandi Development Fund, as well as financial backing from West Germany, France, Italy, the U.S. and Japan.

The Prime Minister said the total cost of the project would be around $1.3bn.

● A consortium of the Istanbul-based construction group, Enka, and BBC (Brown Boveri) has been awarded a $103m contract to build a liquid petroleum gas-powered electricity station at Hamitabad in Thrace, the site of Turkey'a largest natural gas fields.

MINISTERS AGREE OLIVE OIL PROPOSAL TO PUT TO SPAIN

EEC pledge on Portuguese entry

BY QENTIN PEEL AND IVO DAWNAY IN LUXEMBOURG

FOREIGN MINISTERS of the European Community yesterday agreed that the process of bringing Portugal into the Community was "irreversible," and spelt out their determination to complete it by January 1, 1986.

They also made progress towards a common position on outstanding problems in the parallel negotiations with Spain, including how to control overproduction of olive oil.

Meeting after three successive failures to advance the negotiations, the ministers finalised a "statement of agreement" which they will present to the Portuguese team today.

It will say that they have already reached agreement on several key areas and will "express their determination to reach mutually satisfactory negotiated conclusions" on the other areas at a very early date.

"This situation makes it possible to confirm the irreversible character of the process of integrating Portugal into the European Communities," it adds. "Without prejudice to the competence of the national parliaments, it is the firm objective that the new enlargement of the Community should become a reality on January 1, 1986."

The statement, although important more in symbol than in substance, underlines the greater degree of progress in the negotiations with Portugal. However, there was also some progress yesterday on agreeing a common EEC position on a mini-package of problem areas affecting Spain.

Most importantly, the ministers agreed a common stand on an olive oil regime which is certain to suffer a substantial increase in costs from the present Ecu 1bn (£590m) a year when Spain joins. The issue has been one of the most controversial in the talks.

The compromise clears the path for guarantee thresholds or ceilings on the amount of cash available in aids. However, it does not spell out how the ceiling will be introduced, leaving it to the European Commission to examine the problem when it arises.

In an addendum, the West Germans put on record that the Council has also accepted that limits on aid payments will be brought in within a year of the Community going into surplus on olive oil.

Brussels stands by car distribution proposal

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission is not prepared to ease any further the conditions under which the motor industry can continue using its exclusive car distribution systems.

Mr Frans Andriessen, the Commissioner in charge of competition, left this message yesterday with the European Bureau of Consumer Unions at a meeting to discuss the latest draft regulations for the motor industry.

The industry has been fighting a fierce hettle against some of the proposed regulations: in particular one aimed at bringing pre-tax car prices more into line throughout the Community and another which would force them to make all the models they produce available in all EEC markets.

after the meeting there were no plans to change the draft, which they felt was a fair balance between consumer interests and industry needs. But they noted that the Commission will have another round of discussions early next month with governments of the Ten.

Mr Andriessen's intention is to have the exemption and conditions approved by the full Commission by the end of the year.

From the consumers point of view the Commission's position has been progressively watered down.

They pointed out that the ban on price differentials of more than 12 per cent between one country and another had been dropped from the draft regulation itself. It will instead be a guideline: the Commission would use its power under the competition regulations to mount investigations into breaches of the guideline.

The consumers are also perturbed that the regulations will not provide for professional parallel importers — trade organisations which would have their own distribution networks running alongside those of the manufacturers.

But the Commission believes that if the regulation specifies that cars must be freely available to consumers and that parallel imports can take place only when a parallel trader is responding to a specific order, then the needs of consumer and industry are met.

Commission officials said

Algiers visit stirs bitter French memories

BY DAVID MARSH IN PARIS

PRESIDENT Francois Mitterrand has run into a torrent of domestic criticism by deciding to send M Cleude Cheysson, the French Foreign Minister, to official ceremonies in Algiers next week marking the 30th anniversary of the nationalist uprising against France.

The decision was announced after a brief visit to the Algerian capital by M Mitterrand last Friday, and underlines the anxiety in Paris to patch up relations with Algeria. These have come under recent strain, above ell because of a rapprochement between France and Morocco, Algeria's long-time sparring partner over territorial claims in the Western Sahara.

M Cheysson's visit for celebrations on November 1, which for the first time has been declared an Algerian national holiday, is stirring particularly bitter memories of the country's eight-year fight for independence.

The early hours of November 1 1954 saw e wave of guerrilla attacks against French settlers and government installations. This first action by the FLN, the Algerian liberation front, caused seven deaths and ushered in the bloody conflict which led eventually to independence in July, 1962.

Hackles have been raised particularly on the French Right and among associations of former Algerian settlers.

M Jean-Claude Gaudin, head of the opposition UDF parliamentary grouping close to former President Giscard d'Estaing, said France could maintain diplomatic links with its former colony without having to join in commemoration of an event with "painful and tragic memories." M Jean-Marie Le Pen, the ultra-right National Front leader, has promised a demonstration against the visit on November 1.

Misgivings have also been voiced within the Socialist party. The Government has tried to draw a parallel between burying the hatchet over the Algerian war and last month's formal act of reconciliation at Verdun between M Mitterrand and Chancellor Helmut Kohl of West Germany over the millions who died in the First World War.

But M Alain Peyrefitte, the former Gaullist minister, pointed out yesterday that the Betlle of Verdun took place 68 years ago, whereas the Algerian ceremonies would be "intolerable" for many French people because they had not yet had time to forget.

M Mitterrand's own trip to Algiers for talks with President Chadli Benjedid was the latest French effort to placate the Algerians after the French President's talks with King Hassan of Morocco in August. Following tha Libyan-Morocco treaty of unity signed a week earlier, these helped pave the way for last month's Franco-Libyan accord to withdraw troops from Chad, and raised fears in Algiers that French policy in North Africa was moving decisively in favour of both Rabat end Tripoli, with which Algeria also hes a long-standing territorial dispute.

Iceland PM in bid to break strike deadlock

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

ICELAND'S Prime Minister, Mr Stein Grimur Hermannsson, met leaders of the island's striking public-sector workers last night in a fresh attempt to break the deadlock in the three-week-old disputa, which has brought Iceland's foreign trade to a virtual standstill.

More than 10 ships are now anchored outside the main port of Reykjavik unable to offload their cargoes because of the strike by harbour pilots and customs officials.

The first shortages are appearing in shops with cigarettes and tobacco in short supply. The first layoffs have started in Icelandic industry because of a growing shortage of raw materials.

Stocks of fish products — Iceland's most important export — are reaching a critically high level and could soon begin to trigger lay-offs in the all-important fish-processing sector.

Leaders of local authority workers in Reykjavik, who broke ranks last week and accepted a wage offer from the municipal authorities, were rebuffed at the weekend by an overwhelming majority of their members who voted to reject the deal.

More than 10 ships are now anchored outside the main port of Reykjavik unable to offload their cargoes because of the strike by harbour pilots end customs officials.

After restarting for a couple of days last week, bus services and other local services closed again yesterday.

With unity restored, the attitude of the 11,000 strikers appears to be hardening, further increasing pressure on Iceland's Centre-right Government to reach a settlement.

Leaders of the island'a industrial workers promised yesterday to avoid any actions that could undermine the public sector strike.

State and local authority employees ere striking in support of immediate wage demands of around 30 per cent.

But the best authorities have offered to date is a series of staged waga rises and income tax cuts amounting to around 14 per cent over 16 months to the end of 1985.

Norway plans buffer against oil price shifts

BY FAY GJESTER IN OSLO

A BUFFER fund to shield Norway'e economy from fluctuations in offshore oil and gas revenue has been proposed in a Government White Paper.

An inter-ministerial committee will be appointed to work out the practical aspects of establishing such a fund for investment abroad — if oil revenues allow over the next few years.

The White Paper stresses, however, the uncertain outlook for the sector generally, and the need for flexible policies. Prices may well fluctuate widely, currency exchange rates ere unpredictable and little is known about the cost of developing deep-water fields. Those include many of Norway's richest, untapped discoveries.

Future depletion policy will disregard the theoretical production "ceiling" of 90m tonnes of oil equivalents (toe) annually fixed by Parliament about a decade ago. In fact it has never been reached: output this year, at just under 60m toe, will be e record, and is expected to be ebout 2m toe lower next year because of e fall in Ekofisk production.

Depletion strategy will be shaped by factors including foreign policy considerations, and the need to maximise profits, protect the environment, to avoid excessive dependence on the petroleum sector, to spread the benefits of offshore activities to Norway'a economically underdeveloped ereas, and to keep offshore investment as steady as possible.

This last reflects concern for oil-related industry which faces a shortage of work because investment in offshore development is set to decline.

The Government, says tha White Paper, will try to ensure that total investment does not fall below a "reasonable" level.

The long-term aim is to build up and strengthen the offshore related industry so that it can compete on world markets and become less dependent on Norwegian Shelf contracts.

Concern at the top for Soviet agriculture

By David Buchan

THE SORRY state of Soviet agriculture and the prospect of record grain imports in the coming year are expected to dominate today's special session of the Communist party central committee, though key leadership changes cannot also be ruled out.

The committee, which has more than 300 full members from all walks of the Soviet party establishment, normally meets twice a year to take decisions which are then promptly ratified by the Supreme Soviet (Parliament).

The regular autumn session is normally held in November or December to set the next year's economic targets, but this week's special meeting seems to indicate recognition that management of the farm sector needs further reshaping before the rest of the 1986 plan can fall into place.

The man in overall charge of agriculture appears likely, as usual, to sidestep criticism. Since he took over agriculture, first in 1978 as a central committee secretary and then four years ago as a full politburo member, Mr Mikhail Gorbachev has glided ever higher.

With recently added responsibilities for foreign policy, party administration and ideology, he is the only politburo member—apart from President Konstantin Chernenko, whose purview spans foreign and domestic affairs.

This power-base seems relatively impregnable, even though, in a classic piece of Kremlin tea-leaf reading, Mr Gorbachev was noticed last week to have appeared on the fringe, not in the middle of, a photographic line-up of the politburo in the Soviet Press.

Shaken up

Mr Chernenko made no significant personnel changes at last April's central committee session, aside from making himself President. Perhaps the busy Mr Gorbachev will now devolve part of his agricultural portfolio to a central committee secretary such as he was in 1978-80, or the ministries dealing with farming may be shaken up.

Agriculture has coursed particuler concern this year; the central committee already held a special "conference" on it in March. It is easy to see why.

Despite the heralded food programme of May 1982, this year's grain harvest will amount only to 175m-180m tonnes, according to the U.S. Agriculture Department, and may necessitate some 50m tonnes of imports, an all-time record.

This must be a serious disappointment, particularly when weak world oil prices make it all the harder for the Soviet Union to pay the $7bn-$8bn grain import bill out of current export earnings, as distinct from reserves or borrowings. Moscow has large reserves, but has also been borrowing in the West this year.

Soviet farming has always been subject to unpredictable hazards and irrational cures. An illustration of this came last week when the head of the weather service was dismissed for failing to give adequate warning of severe tornadoes last June. A similar hunt may be on for scapegoats for the poor grain crop.

Accusations

Certainly, the Press has this year been flaying the farm sector for its poor performance—with, for instance, general claims that a third of all farms still operate at a loss and have no concept of efficiency, and specific accusations last week that kolkhoz (collective farm) managers in the Ukraine and Kazakhstan hava been embezzling funds.

The general feeling seems to be that the fault lies with the implementation, not the goals, of the 1982 food programme. This introduced two main reforms:

● To obtain a better return on heavy state investment in farming, rising to 33 per cent of total investment in the 1986-90 plan, regional agro-industrial organisations Ropos were created.

These would co-ordinate, at a regional level, all inputs of machinery, fertiliser and so on. Ropos, however, remain weak, because factories are still more responsive to central ministries than regional officials.

● Worker brigades can subcontract from state farms to do certain tasks, such as cultivating a set acreage from sowing to harvesting, and to keep the profits themselves.

But this system of incentives has only been introduced partially, because many farm labourers prefer to work under direct supervision for a guaranteed wage.

Other reforms since 1982 include a big increase in producer prices for farm products (but not retail prices — and so subsidies have increased further) and more attention on the handling, storage and distribution of food, as distinct from its production.

Up to 15 per cent of the grain harvest (perhaps 25m tonnes this year) is blown off trucks or rots in damp silos. This compares with post-harvest losses of around 5 per cent in most Western countries.

Shape of Swedish model may gain new dimension

David Brown in Stockholm previews the new round of pay talks

"ONE must rise above the squabbles and look to the bigger issues" are weighing heavily on chairman of the Landsorganisationen (LO), the Swedish blue collar trades union confederation. "If we don't handle this situation properly now, we will have problems for many years to come."

As the starting gun fires on Sweden's marathon 1985 wage negotiations, the "bigger issues," are weighing heavily on both sides. The talks will play a key role in tha success or failure of Sweden's bold economic experiment and determine the tone of industrial relations for years to come.

The Government'e experiment—trying to grow its way back into economic balance without sacrificing its fabled social safety net—hinges largely on exports. The Government wants to keep wage costs down as part of the export effort and to do this, feels that a return to the central bargaining of recent years is essential. This year's pay talks were conducted on an individual union-to-employer basis and predictably resulted in a series of widely varying agreements.

As the benefits of Sweden's late-1982 devaluation begin to erode, Mr Olof Palme'a Government has estimated that to expand exports by more than halving inflation from 7.7 per cent to 3 per cent by the end of next year, the unions will have to keep waga costs to below 5 per cent.

Pressure for a moderate and centralised settlement comes on the heels of eight years of declining real incomes for industrial workers but at a time when many employers are determined not to sacrifice the new-found flexibility of decentralised bargaining.

Early this year the Government invited the "labour market partners" to a series of summit meetings at the prime minister's office at which the 5 per cent guideline was accepted in principle by all sides.

Having agreed on their "responsibility to society," they are now trying to find some way of discharging it in line with their own goals.

The 2.2m member LO trade union confederation took the first step last month, stressing an improved benefits package which includes shorter working hours, longer vacation and more sick leave, as well as a 1 to 2 per cent rise in post-inflation income.

Moreover, it called for centralised talks to reach a "framework agreement" for next year.

As expected, SAF, the employers' federetion, last week rejected the initial bid. Carry-over costs from the current agreements together with the benefits package would mean a rise of 9.4 per cent in wage costs before any pay increase, it insists.

Significantly, however, the employers on the whole are prepared to continue central "discussions" although SAF has steered clear of using the word "negotiations."

As the two sides now begin their annual verbal minuet, however, there are several unresolved problems which bode ill for an early settlement.

Many of the sama pressures which lead to the breakdown of centralised bargaining last year—primarily pay differentials between both blue and white coller workers in the public and private sectors — have, if anything, worsened.

Leaders of the more than 1m state and local authority workers, invoking e controversial escape clause in their current pay deal, have demanded a renegotiation. They claim that private sector agreements have left them far behind. This opens the door to a potentially troublesome series of leapfrogging pay claims.

One industrial union chief has already threatened to withdraw from any centralised wage talks if the public sector workers get a better deal—jeopardising the LO's attempt to maintain a common front in this year's talks.

Moreover, there is tension within the LO between lower and higher paid workers. Those in the highly profitable engineering sector, which accounts for over half of Sweden's export earnings, are pressing for a bigger share of the profits.

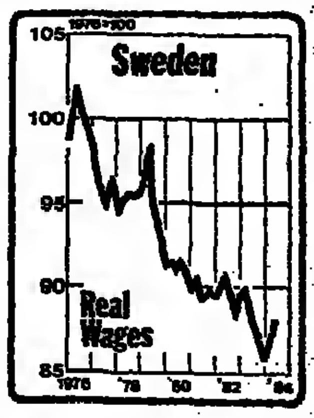
The white collar unions in the private sector have agreed in principle to co-operate in this year's bargaining with the LO, following years of disagreement on both sides, but it remains to be seen how this works out in practice.

At stake is the future of the so-called "Swedish model" of centralised collective bargaining which originated in a 1938 "basic agreement" under which unions and employers consented to co-ordinate their pay-setting efforts in return for government non-intervention.

This agreement is credited with having ensured Sweden's enviable post-war record of relative labour-menegement peace, but it has not done so without a cost.

Solidarity has meant that unprofitable companies paid more and profitable onea less than they could otherwise afford on wages. The employers have long faulted the system for its inability adequately to reflect varying levels of corporate profitability and productivity.

It was their successful effort to exploit existing dissent between higher and lower paid unions grouped in the LO which was tha main reason behind the decentralisation of the 1984 talks. Once won, this flexibility is not something the employers will easily surrender.



The unions and employers may succeed in patching together an 1985 pay package in spite of the difficulties. Making the broader choice, between the security of centralised bargaining on the one hand and the flexibility of the decentralised system on the other, which will determine the future shape of the "Swedish model," is likely however to be far more difficult.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

Peres turns down U.S. offer to delay $500m repayment

BY DAVID LENNON IN TEL AVIV

MR SHIMON PERES. Prime Minister, said yesterday that Israel would not take up an American offer to postpone the repayment of US$500m borrowed from the U.S. He said Mr George Shultz, the American Secretary of State, had offered a 90-day deferment to help Israel overcome its immediate foreign currency reserves crisis.

"We noted the offer of the Secretary of State, but decided not to take it up at present because we believe that, barring unforeseen developments, we will be able to repay our debts on time in the future, as we did in the past," the Prime Minister told the Knesset yesterday.

Last week senior government officials announced that the offer had been acepted, but this was denied by the State Department which insisted that it had only been one of a number of suggestions raised in discussions with Mr Peres during his visit to Washington earlier this month.

No announcement was made during the Premier's visit about this offer and it only became public after Israel radio's Washington correspondent broadcast it following Mr Peres's return home. The Premier's aides said it had been kept secret so as not to disturb Israel's other creditors.

Explaining the about face in Israel's position on the debt deferment, the Premier's spokesman said yesterday evening that Israel had intended to accept the offer but then reconsidered its decision.

The $500m in question had been borrowed in 1974 and is due to be repaid between now and the beginning of next year. Israel's total debt to the U.S. is in the region of $10bn.

Iraq claims 2,500 Iranians killed in five-day battle

BY OUR MIDDLE EAST STAFF

IRAQ claimed yesterday to have killed nearly 2,500 Iranian troops in the past five days of fighting in the border area east of the capital Baghdad.

Iran launched a limited offensive in the early hours of last Thursday morning, aimed at capturing several heights from which it said Iraq was bombarding its villages.

The Iranian offensive appears to have been at least partially successful and Tehran radio claimed yesterday that over the weekend it beat back five attempted Iraqi counter attacks.

However, Baghdad radio reported that following a visit to the front by President Saddam Hussein its troops had re-occupied several positions seized during the Iranian offensive. This was the first indication that Iraq had been forced to give any ground in the fighting.

An Iranian military communique yesterday said that an Iraqi armoured brigade had been destroyed during the fighting and that several aircraft and helicopters had also been shot down. Hashemi Rafsanjani, the Speaker of the Iranian Parliament, claimed that Iraqi forces had suffered "irreparable damage."

3 die in Colombo blasts

THREE PEOPLE were killed and at least 10 injured in a series of bomb explosions in the Sri Lankan capital of Colombo yesterday, according to Sri Lankan security officials, Our Foreign Staff reports.

The explosions appear to be part of an offensive launched in early August by Tamil rebels fighting for a separatist state in the northern and eastern parts of this island nation. The latest wave of violence brings to well over 100 the people who have died in the last 11 weeks.

The security authorities declared a nationwide security alert and launched a widespread search for suspects following the explosion of seven bombs in and around the capital early yesterday morning. Later three other bombs were discovered in the city and defused.

S. Africans fail to appear in UK court

By Patti Waldmeir

SOUTH AFRICA has failed to return four South African businessmen to Britain to appear before a Coventry court on arms smuggling charges in apparent retaliation at the UK's refusal to evict three anti-apartheid activists from the British consulate in Durban.

Their counsel, Mr George Carman QC, said the four were prevented from appearing by their Government. Mr Pik Botha, South Africa's Foreign Minister, said last month that Britain's refusal to evict the Durban refugees absolved Pretoria of its responsibility to return the men.

A South African diplomat waived his diplomatic immunity to give the Coventry court a guarantee that the men would return for the trial. A £400,000 bail was posted by Pretoria.

The British Foreign office said yesterday it was considering the situation but had no immediate reaction.

Britain has recently hardened its stance on the Durban three, expressing exasperation at their continued political statements and strongly hinting that they may be expelled if they continue to maintain such a high profile.

Sudan devalues currency

SUDAN HAS devalued the commercial bank rate for the Sudanese pound by 14.4 per cent against the dollar, increasing the price of one dollar sold at branches of commercial banks to S£2.1 from S£1.8.

The official rate for the dollar, the rate at which most transactions are conducted, is unchanged at S£1.3.

The new commercial rate will apply to foreign exchange sold on the free market by commercial banks for transactions involving non-essential imports, private invisibles and certain kinds of capital transaction.

The devaluation is not believed to form part of the country's SDR 90m (£75m) programme with the International Monetary Fund agreed in June. Only one SDR 20m tranche has so far been drawn and Sudan's failure to draw the scheduled second tranche early this month indicates that the country is having difficulties meeting the conditions attached to the credit.

Chris Sherwell and **Emilia Tagaza** in Manila on a growing political controversy

Attacks build up against Aquino murder inquiry board

THE OFFICIAL inquiry into last year's assassination of Philippines opposition leader, Mr Benigno Aquino, came under public attack for the third time in a week yesterday, fuelling concern over continued delays in formal publication of its report.

The assaults, on the integrity of the five-member fact-finding board, are seen by some as part of an orchestrated last minute attempt to discredit its widely leaked findings, that Mr Aquino was the victim of a military conspiracy.

In the latest incident, Brig General Luther Custodio, who was head of the Aviation Security Command, (AVSECON) at the time of the Manila Airport killing, yesterday condemned the inquiry team for allegedly offering inducements to witnesses who testified at its hearing.

Last week, Mr Selso Loterina, a Philippines airline ground mechanic, unexpectedly retracted his earlier testimony that Mr Aquino was shot as he descended the steps from the aircraft. His evidence, he said, had been motivated by the inquiry team's "false promises" of U.S. emigration.

Inquiry officials have since declared that the retraction will not change its main findings, which damns the official version of the killing—that a lone communist gunman, Mr Rolando Galman, broke through the tight security cordon and shot Mr Aquino on the airport tarmac.

General Custodio, who could be named by the inquiry, claimed yesterday that one of his own AVSECON men had also been offered a trip abroad, and alleged that non-military witnesses had received offers as well.

In a third, related attack on the inquiry, the lawyer representing the AVSECON men involved in the affair, answered questions in a lengthy televised programme, rebroadcast repeatedly over the weekend. He criticised the secrecy of the hearings, and used last week's retraction to butress his clients' defence.

The inquiry team, though agreeing that there was a military conspiracy, is still thought to be split 4-1 over whether to associate General Fabian Ver, the armed forces chief, in the affair.

The board is now likely to produce two versions of its findings. But two months after the originally targeted publication date of August 21—the anniversary of Mr Aquino's death—no firm date has been fixed.

● Thousands of office and factory workers walked or hitch-hiked to work today when minibus drivers started a two-day strike in major cities in the Philippines to protest against fuel price increase of 17 per cent announced Friday, Reuter reports from Manila.

Mr Agapito Aquino, brother of the murdered opposition leader, told reporters the strike was a new form of protest against President Ferdinand Marcos. "We call on everybody to join us in civil disobedience against the dictatorial regime," he said.

Organisers said at least 80 per cent of the 120,000 registered minibus drivers were refusing to work.

Philippines military placed firmly on the spot

UNTIL this year, General Fabian Ver was virtually unknown outside the Philippines. Even at home, as chief of the country's armed forces, he was hardly a public figure, and seemed happy stay in the shadow of President Ferdinand Marcos.

But things have changed since the brutal assassination 14 months ago of the popular opposition leader Benigno Aquino. An inquiry into the killing is expected soon to confirm that Mr Aquino was the victim of a military conspiracy. General Ver, and the whole Philippines military, are on the spot.

The armed forces chief has already given an unusual series of interviews to a weekly fringe magazine, in which he has insisted he had nothing to do with the slaying and said he would not resign if the military is found guilty.

Groups of past and serving officers, locked in intense argument over the inquiry, have started issuing public statements about their loyalty to flag and country. But some are privately demanding that those involved in the assassination be brought to justice.

It may already be too late, however, for the Philippines military to salvage its sunken reputation. Its increasing role in maintaining security and order under President Marcos was already being seriously questioned before Mr Aquino's death. A finding against it, naming the military figures involved, could be devastating.

In one sense that would be ironic, because even now the military's involvement in domestic affairs is less visible and less pervasive than in neighbouring countries like Indonesia and Thailand. A military career in the Philippines does not automatically offer individuals a sure route to business or political success, for example, and top military men point to a long-standing reputation for neutral professionalism, springing from a proud battle tradition that goes back to the 1890s.

Nineteen years of President Marcos's rule have nevertheless altered the popular impression of the military substantially. Mr Marcos's declaration of martial law in 1972 thrust the military squarely into the political arena. In giving it vast new powers and responsibilities over civilians, he exposed it to political attack.

Its size has quadrupled to more than 200,000, and its budget has risen by an even larger factor, helped by U.S. payments for the use of naval and air force bases. Defence will take 11.7 per cent of this year's total government spending of pesos 67.3bn (£3bn) but experts say the true figures are much higher.

But the military's efforts to contain a communist guerrilla insurgency have utterly failed. The number of armed insurgents has grown to the point where the U.S., the Philippines' most powerful ally, is warning publicly of a possible communist take-over within ten years if current policies continue.

The extra spending has been unmatched by political reforms; the military's involvement in a national development programme is reckoned to have produced few results. Reports of corruption, brutality, extortion and arbitrary executions have created the impression of an underpaid, often ill-disciplined monster organisation unable to manage the power it has been given.

General Ver: regular access to President Marcos

This image has been reinforced by the violent dispersal of demonstrating crowds and the deployment of "secret marshals" on the city streets earlier this year to dispense justice through the barrel of a gun—a move which was subsequently reversed under irresistible public pressure.

Under Gen Ver, who was appointed in 1981, the same year martial law was lifted, the influence of the military appears to have grown. Gen Ver, who hails from Mr Marcos's home province, is now one of the few individuals with regular access to him, a fact which annoys certain ministers. He controls the intelligence and security network and can even sit in on cabinet sessions.

Gen Ver has also centralised control of the armed forces by restructuring the line of command through the army, navy, air force and police. Thirteen new "regional unified commands" have been created, staffed mostly by trusted appointees and effectively hypasing individual service heads both in communications and control over operational expenditures.

The man most affected is Lt-Gen Fidel Ramos, who heads the police and hoped to be appointed over Gen Ver to the top job. Unlike Gen Ver, he is West Point-trained and saw action in Vietnam and Korea. He is now deputy armed forces chief and an obvious contender for the number one slot if Gen Ver goes, along with Gen Josephus Ramas, the army commander.

Although all three are Marcos loyalists, technically none should be there: they are "overstayers" who have served more than the regulation 30 years. Gen Ver, 64, should have retired a decade ago but stayed on to be promoted after his predecessor concluded a protracted 9½-year stint. Gen Ramos, eight years younger, should have left the service in 1980, Gen Ramos even earlier.

Regular reports of rumblings among frustrated younger colonels are difficult to substantiate, but are probably traceable as much to this logjam at the top as to the events of the past year, even though the actual number of overstaying generals is now 33, well down from the peak of 45. This week Mr Marcos announced the retirement of 17 generals and 13 colonels, a move obviously designed to pacify upset feelings.

"Morale is definitely low, lower than ever," says one retired general who stays in contact with serving army officers. "It stretches from top to bottom. The military needs to be cleaned up to restore faith."

To outsiders, the more immediate question is whether President Marcos will decide that he needs General Ver or could benefit more through the general's departure. It is clear that he believes individual appointments at the top are of great importance. But it is also clear that the military, whose loyalty has buttressed him in power for so long, is itself becoming a live issue.

This is injecting yet another element of uncertainty into a situation which is already unpredictable because of the President's questionable health, the still-unresolved $25.6bn debt crisis and continuing public unrest. Life in the Philippines coud still get worse before it gets better.

AMERICAN NEWS

WORLD TRADE NEWS

Record 797 banks on U.S. Government's 'problem list'

BY STEWART FLEMING IN WASHINGTON

THE CONTINUING strains in tha U.S. financial services industry were underscored yesterday when Mr William Isaac, the chairman of the Federal Deposit Insurance Corporation, disclosed that a record 797 banks are currently on the "problem" list drawn up by government bank supervisors.

The number, which is not broken down by size or geographic location, is more than twice the peak of 385 reached in November 1976 in the wake of the 1973-5 recession.

Already this yeer a record 66 FDIC insured benks bave failed and the figure is expected to rise to ebout 75 by the end of the year. Last year there were 48 bank failures, in 1982 there were 42 and in 1981 only 10.

Mr Iseac said the number of banks on the FDIC's problem list is continuing to rise. In March the FDIC listed 650 banks as problem Institutions.

FDIC officials stress thet a bank's inclusion on the list is not necessarily a sign that it is in imminent danger of failure. Rather, it implies that the bank merits special attention from bank supervisors such as the FDIC, the Federal Ieserve or the Comptroller of the Currency, often because it is not receiving interest or principal payments on e relatively high proportion of its assets.

Evidence in recent weeks has shown tbet some bank examiners ere taking e tougher line in classifying loans which are perceived to he et risk. This may be one fector wbich belps to eccount for the signs, surfacing in the third quarter earnings results of banks, that many institutions are boosting their loan loss reserves.

Another factor bebind the more cautious provision policles banks are edopting is the pressure they are under to demonstrate to the financial merkets that their belance sheets are being drawn up on a conservative basis.

Several factors help to account for the continuing growth in the number of problem hanks. According to bankers in the Midwest, many smaller banks in farming communities are suffernig the repercussions from the agricultural recession. In some Western states, banks are being hit hy a combination of bad loans to farmers and to the badly hit energy sector.

Large banks, whose loans to heavily indebted Third World borrowers have been attracting most atteotion, ere also having to put aside loan loss provisions egainst agricultural loans.

When First Chicago, the 10th largest U.S. bank announced loan loss write-offs of $279m for the third quarter it cited farming as one of the sectors causing trouble.

Liberals shun Nicaraguan polls

BY TIM COONE IN MANAGUA

THE LIBERAL Independent Party (PLI), the main opposition party to the Sandinistas, has decided to pull out of the election race just two weeks before the people of Nicaragua go to the polls on November 4 to elect e president, vice-president and 90-member Netional Assembly.

The Liberal Independents are widely considered to be the best organised and politically most powerful party after the ruling Sandinistas. Their withdrawal from the elections following a party meeting on Sunday, will be a beavy blow to the Government in its attempts to creete a pluralistic form of legislature and government.

The PLI said party representatives had voted by 94 to 20 not to take part in the elections because the conditions were "insufficient." It was seeking a "national dialogue" as a precondition for its participation.

Another opposition grouping, the Co-ordinadora Democratica (CD), made up of three small Christian Democrat-orientated parries and linked to the private sector, bad elready decided to stay out of the elections unless the Government started talks with the U.S.-becked guerrillas seeking to overthrow the Sandinistas. However, the CD later cbanged its demands to a postponement of the November 4 election date.

Tbe Sandinistas have insisted on tbe November 4 dete but heve not been opposed to a dialogue of all the parties, including the CD. However, the CD bas refused to perticipate in a dialogue with the Sandinistas.

The PLI now wants to include representatives of the Church, trades unions, "and all sectors of society" as well as the political parties in the discussions, elthough they are not asking for the participetion of the U.S.-backed guerrillas.

In the north of the country, heavy fighting has been taking place on the outskirts of the departmental capital of Esteli between Government troops and the U.S.-backed guerrillas.

Ceptain Antenor Ferrey, the heed of military operations in the Esteli region, said the guerrillas "are trying to create a climate of instability before the elections and to cut the pan-American highway to the north and south of Esteli."

He said a column of 300 guerrillas was being pursued to the south of Esteli and another three columns were moving into position to the north.

Thousands of local militias have been mobilised in Esteli and hellcopter gun ships have been attacking guerrilla units less than 5 km from the city.

Libya 'in N-power talks with Moscow'

By Our Middle East Staff

LIBYA IS in "serious talks" with the Soviet Union for the acquisition of its first nuclear power station, according to the national news agency in Tripoli.

In May this year, the Belgian Government revealed that it had been approached by the Libyans to assist in the construction of two 440Mw nuclear plants.

The major part of the total contract, estimated to be worth about £750m, was offered to Belgonucleaire to act as "industrial architect."

The Libyans told the Belgian companies that the plants would house Soviet power generation equipment, presumably the subject of the present negotiations in Moscow between Libya's Energy Secretariat and the Soviet State Committees for Economic Affairs.

Although Libya has stressed throughout that its nuclear programme is designed for peaceful purposes, the possibility of a deal with Belgium drew strong U.S. protests.

Mr Caspar Weinberger, the U.S. Secretery of Defence, is understood to heve voiced his concern to Belgian officials.

The U.S. argues that it would be extremely dangerous to provide any form of nuclear technology for a régime headed by Col Moammer Gaddafi, whatever the guarantees that it could not be converted for military purposes.

Israel has also been lobbying in Belgium in an effort to prevent the contract being signed.

The present telks in Moscow would obviously depend on Belgian agreement to carry out the construction work.

However, the Soviet Union is also nnderstood to consider Col Gadaffi an extremely unpredicteble ally and there is no assurance that even if the Belgian contract were signed, thet the nuclear technology would be sold to the Libyans.

The acquisition of nuclear technology hes been one of the most consistent themes of Col Gaddafi's tenure of office in Libya.

Spanish group seeks joint van venture with Bedford

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ENASA, the State-owned Spanish vehicles group, is discussing a joint venture to produce vans in Spain. The talks involve Bedford, the UK subsidiary of General Motors.

Enasa's deputy managing director, Sr Juan Llorens, said at the Birmingham Motor Show that his company could not afford to develop a replacement for its J4 van and had been talking to Bedford, among other companies, about a licensing deal or, preferably, a joint venture company which would use some Spanish components.

Enasa will produce about 3,000 of the J4 vans this year, a significant volume for a company which will have a total vehicle output of between 10,000 and 11,000 in 1984 but not enough to justify the investment to develop a new product.

Sr Llorens revealed his company is also seeking two or three partners for a joint venture to develop and huild a cab for medium-weight trucks.

He said the Spanish company has now signed a contract with Daf of Holland to complete the development of a heavy truck cab (for vehicles over 20 tonnes gross weight) and to share the production. The development cost will be about Fl 140m (£34m).

A 50:50 joint company called Cabtech has been established at Eindhoven in Holland to finish the development work—Daf already hes done a considerable amount.

Daf and Enesa will each produce half the cab shell parts to gain the maximum economics of scale—Sr Llarens said about 13,000 cabs a year of the same type would be required—and swap them.

Each will do its own final assembly and trim, to "individualise" the cab which would be available in "the late 1980s."

● Land Rover-Leyland, the BL subsidiary, has set up a co-operative venture in Tanzania, initially to recondition Land Rover vehicles and eventually to manufacture Land Rovers and some Leyland bus models.

A new company, Land Rover Tanzania, is 60 per cent owned by the State Motor Corporation, and has the backing of the East African Development Bank which has provided loans for equipment and material for a new £1m facility 10 miles from Dar-es-Salaam.

Reconditioning of Land Rovers should begin late in 1985.

Land Rover Tanzania ultimately will also oversee the distribution of Land Rovers and Leylend trucks and buses.

Sinclair Research aims to strengthen French links

BY DAVID MARSH IN PARIS

SINCLAIR RESEARCH, the leading UK home computer company, has announced it is seeking to assemble part of its computer range in France to strengthen its attack on the French market and diversify production sources in Europe.

Sinclair, which has already sold 250,000 computers in France and hopes to sell 100,000 to 150,000 next year, has already made contacts with French companies interested in sub-contracting to build models for the domestic market, which are currently imported from the UK.

Like other international computer groups, Sinclair—for which France is the most important market after the UK—regards a French production base as vital to safeguard its position against domestic computer companies, above all in public sector-controlled fields.

Particularly with an eye on schools sales, Sinclair has also been exploring the possibility of collaborating with one of the two French home computer manufacturers, electronics group Thomson and Matra, but no agreement has yet been reached.

The search for sub-contracting agreements with French partners, rather than for an outright factory site to start production on its own, is in line with general Sinclair strategy.

In the UK, it assures production through sub-contracting links with Thorn-EMI and Timex.

Sinclair already has ties with Compagnie Générale de Constructions Téléphoniques (CGCT), the state-owned telecommunications company which formerly belonged to ITT of the U.S.

Taiwan given pledge on Cathay Pacific

By David Dodwell in Hong Kong

CATHAY PACIFIC Airways has assured Teiwan's Civil Aeronautics Administration that no shares in the company have been sold to Chinese mainland interests. The company remained firmly in British hands, executives said.

The assurance came after Taiwan's national airline, China Airlines, said it would not sign a new air traffic agreement with Hong Kong's flag-carrier unless it had assurances that Cathay would stay in British hands. The present five-year air-traffic agreement expires at the end of next April.

Speculation that mainland Chinese interests had bought a 50 per cent share of Cathay Pacific first emerged six weeks ago, during the final stages of secret Sino-British negotietions on the future of Hong Kong once mainlend China regains sovereignty in 1997.

Subsidiary of ITT in Malaysian telecom deal

By Wong Sulong in Kuala Lumpur

STANDARD Elektrik Lorenz AG (SEL), the West German subsidiary of ITT of the U.S., has won a turnkey contract worth Ringgit 450m (£155m) from the Malaysian Telecommunications Department to supply ond install a nationwide microwave and optical fibre transmission network. The network will form the backbone of the country's long-link telecommunications system.

The contract forms the final part of a $1.2bn (£1bn) programme, started in 1981, to expand and modernise Malaysia's telecommunications system, including the installation of 1.2m new telephone lines by 1985.

Under the agreement, signed over the weekend, SEL will install a network comprising analogue and digital radio relay stations both in East and West Malaysia.

Mr Hans Joachim von Ludwing, SEL's managing director for exports, said a condition of the contract is for SEL to subcontract at least 30 per cent of the local civil works to Malaysian contractors.

SEL had already started survey work, and the entire Job was expected to be ready by 1987. By that time, the overall ratio of telephones to population is expected to be 11 per 100 compared with 3 per 100 in 1981.

Hawker wins Nigeria water-supply order

A £22m CONTRACT has been awarded to Hawker Siddeley Water Engineering by the Nigerian Government for the provision of piped water supplies to needy villages in the states of Kano, our Trade Staff writes.

The deal calls for Hawker Siddeley units to undertake hydrological surveying, borehole drilling and provision of water storage and distribution facilities at the villages.

The company also will supply generator sets to provide power for the electric water pumps

Alfonsin presses debt rescheduling case in Paris

By Paul Betts in Paris

PRESIDENT Raul Alfonsin of Argentina held talks in Paris yesterday with leading French bankers and monetary officials on the rescheduling of some $2.5bn of deht owned by Argentina to the so-called Paris Club of Western creditor countries.

Argentina is now expected to put forward e formal rescheduling request with the Paris Club in coming weeks with the aim of reaching an agreement before the end of this year, French sources indicated

The Argentine President, however, is also expected to use his French visit to outline e softening in his country's position on the drafting of e new United Netions resolution on the Falklands issue.

Progress at the forthcoming UN debate on the Falklands would inevitably enhance Argentina's current efforts to improve its contacts with the EEC

Mack Trucks production halted as UAW strikes

BY TERRY DODSWORTH IN NEW YORK

PRODUCTION was closed down yesterday at Mack Trucks, the second largest U.S. commercial vehicle manufacturer, after 9,200 members of the United Auto Workers union walked out on e strike over pay.

The dispute at Mack, in which Renault of France has e stake of e little over 40 per cent, comes soon after the UAW temporarily called off its negotiations with International Harvester, largest of the U.S. truck producers.

This move was regarded as a tactical manoeuvre to avoid setting precedents et Harvester, where the union can expect only a very modest settlement because of the company's financial problems.

Mack also claimed yesterday that a period of heavy losses had put it in e position where it was ohliged to stick with the offer it has already made to the UAW.

Since 1980, it said, it had run up e cumulative loss of $69m during the deep slump in the heavy truck market. Although it was now making profits again, a significant proportion of these resulted from tax benefits arising out of 1983 losses. Mack added that it had no plans at present to reopen talks with the UAW. The company is believed to have reasonable stocks, and had been planning to cut output next month after e big build-up of production in the summer to 154 vehicles a day.

Mack has offered e pay and benefits package which it claims will be worth about $9,000 per employee e year. It has put forward a plan for a $500m retraining fund and e joint management-union comittee to examine job security.

Mack employees are among the best paid in the U.S., with salaries and benefits worth about $24 and hour.

JAPAN TELECOMMUNICATIONS DEREGULATION

Competitive forces gather for pickings

BY ROBERT COTTRELL IN TOKYO

JAPAN'S imminent telecommunications revolution is in the grip of marketplace dynamics as increasing numbers of private groups gather for the rush of business that is likely to follow the deregulation of Nippon Telephone and Telegraph (NTT).

The state-run monopoly is set to be deregulated next April following expected parliamentary approval in December.

The latest major consortium, taking shape last week, is likely to bring together American Telephone & Telegraph with Japanese partners, including Nippon Steel, Sony, Mitsui Bank and Toyota Motor. This group is aiming to provide "value-added network" (Van) services, essentially data processing, and transmission between computers.

The other big players in the market to provide inter-city Van services are likely to be IBM, the U.S. group whose Japanese subsidiary is the country's second-largest computer manufacturer; Fujitsu, Japan's largest computer maker; Hitachi and NEC, both among the world's largest electronic manufacturers; and NTT itself.

Foreign investors will, in theory at least, be allowed to compete on equal terms with Japanese companies to provide large-scale Van services after the deregulation.

Small-scale Vans linking computers and data terminals within e particular company or group are commonplace. (Specialised local Vans were deregulated in Japan in 1982).

For the future, however, specialised networks are likely to be marketed on an entrepreneurial basis by Japan's electronic manufacturers, computer service bureaux, trading houses, wholesalers, distributors and transport companies. Among the giant trading houses, Marubeni, C. Itoh and Sumitomo have pioneered industry-based Vans for target markets including the textile and food industries.

At the other extreme of the telecommunications market are the groups which hope from next year to challenge NTT across the broad spectrum of domestic telecommunications services, building their own transmission networks or leasing circuits from NTT.

The most credible of the "common carrier" challengers to have emerged so far is Daini Den-Den, e consortium led hy the electronics manufacturer Kyocera, and also including Sony, Ushio and Secom among its founding shareholders. The backbone of Daini Den-Den's system is expected to be e microwave circuit between Tokyo and Osaka.

Two state-owned corporations, Japan National Railways and the Jepan Highways Public Corporation, are both trying to promote the attractions of their trunk routings for carrying inter-city optical fibre circuits, a data-transmission medium relatively expensive to install, but capable of carrying large volumes of information.

A fourth potential common carrier leader is the Federation of Economic Organisations, the Keidanren, which wants to buy and launch a satellite as its communications hub. Estimates suggest a satellite could cost around Y20bn, compared with Y30bn for a Tokyo-Osaka fibre optic circuit.

The Keidanren group is encouraging its three rivals to consider amalgamating into one large challenger to NTT.

The Keidanren believes that Japan's telecommunicotions market will grow hy 5 per cent annually to reach Y5 trillion (million million) in 1988.

U.S. AND Japanese trade officials began talks on an American request for voluntary limits on Japanese steel exports, Japanese officials said, Reuter reports from Tokyo.

The U.S. is seeking voluntary accords with major steel exporting nations including Japan and South Korea to reduce imports to between 18 and 20 per cent of the U.S. market from 25 per cent.

Japanese steel exports to the U.S. in the first six months of 1984 rose 69 per cent from the same period in 1983 to 3.07m tonnes, according to Japan Iron and Steel Federation figures.

Greece seeks to boost trade with Bulgaria

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE IS to conclude trade deals that will treble its exports to Bulgaria to $150m by 1987, the Economy Ministry in Athens announced.

The two sides reportedly agreed to launch an effort to improve the volume of trade, which has been gradually recovering after e 14 per cent slump in 1981, the first year of Greek entry into the EEC, during a visit to Sofia last week by Mr Costis Vaitsos, junior economy minister.

According to Mr Vaitsos, a $40m, five-year agreement for the repair of Bulgarian commercial vessels at the Elefsis shipyards is expected to be a main feature of future economic co-operation.

Bulgaria is also committed to buying a third of the annual production of a 600,000-tonnes-a-year alumina plant to be built in Greece with Soviet help. Athens and Sofia have yet to agree on the price.

Mr Vaitsos said there were good prospects for an increase in the export of Greek light manufactured goods such as textiles, household appliances and sports equipment to Bulgaria.

In 1983, Greece exported $43.5m worth of products to Bulgaria, mainly fruit and vegetables, petroleum products, textiles and metal goods. Imports from Bulgaria, mainly electric power, petroleum products, steel and plastics, reached $65.9m.

Thyssen to strengthen U.S. machine tool unit

THYSSEN subsidiary Thyssen Maschinenbau plans to strengthen its machine tool operations in the U.S. through Place Machine of Troy, Michigan, Reuter reports from Lockweiler

Herr Ulrich Berntzen, division chairman, told a news conference that Place, temporarily held by another Thyssen unit, The Budd Company, on legal grounds, could expand current annual turnover of about DM 60m ($19.5m) to DM 100m without extensive new investment.

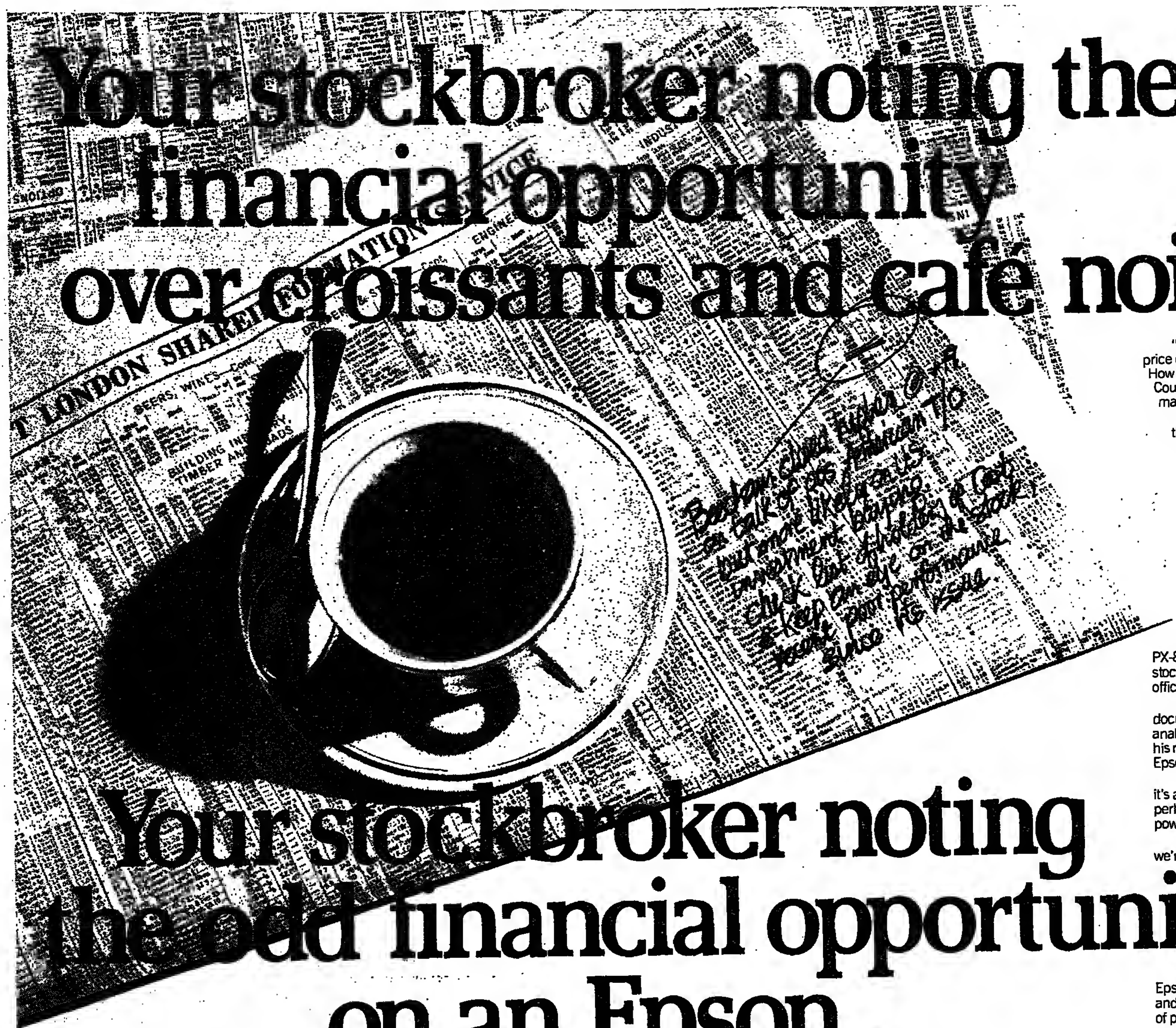
Maschinenbau, whose activities are closely tied to the car industry in West Germany and abroad, has world sales of about DM 900m a year, Herr Berntzen said.

Company figures show that turnover at Maschinenbau's nine West German plants eased to DM 588m in the year ended September 30 1984, from DM 598m the previous year.

Herr Berntzen said, however, that the division's real growth trend could be seen in the sales development of recent years and that the last financial year was an exception.

Sales from domestic plants rose from DM 428m in 1978-79 to DM 498m in 1982-83.

Your stockbroker noting the odd financial opportunity over croissants and café noir.



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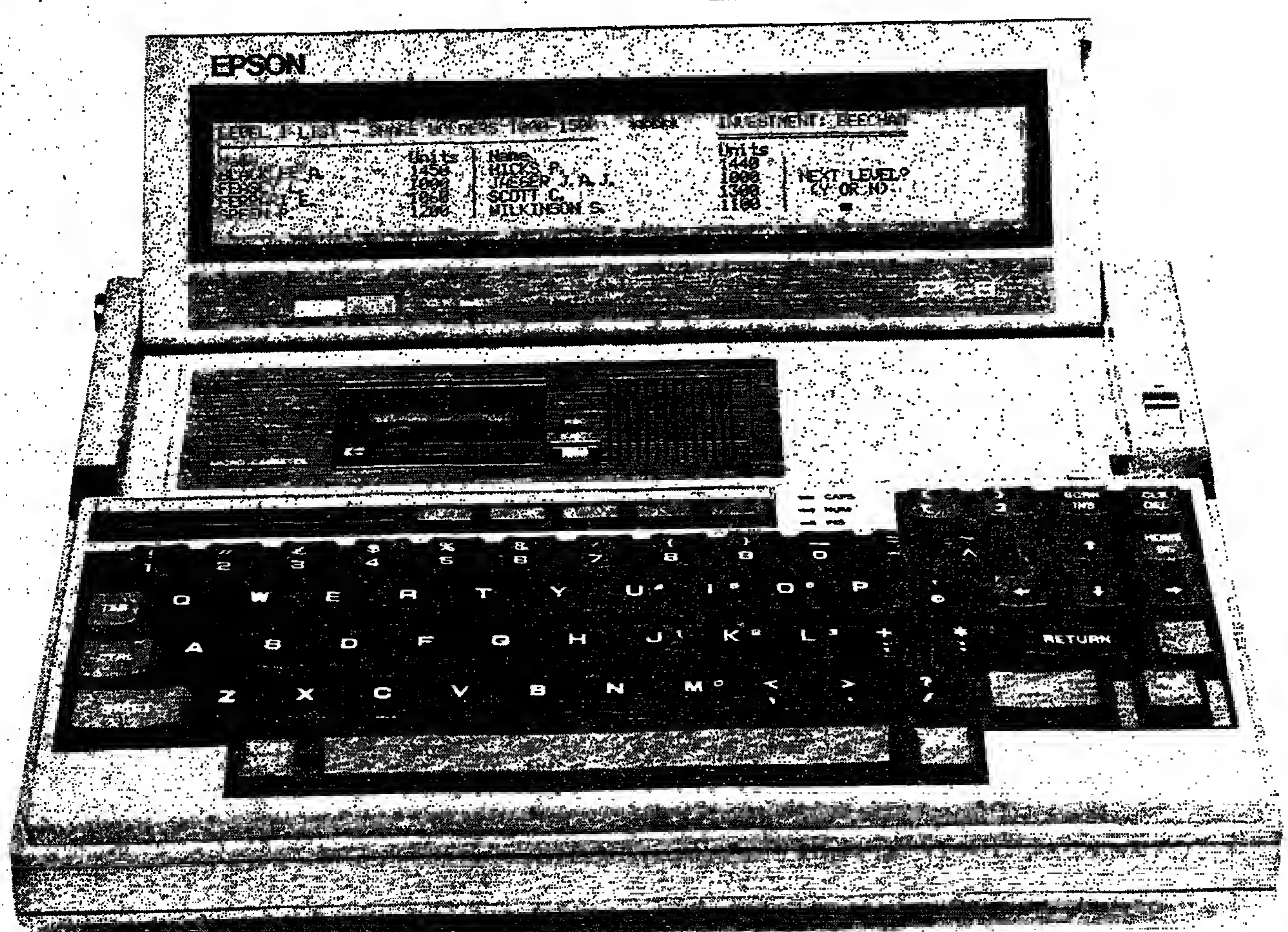

...over croissants and café noir.

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BL union leaders may press for strike

By Arthur Smith, Midlands Correspondent

AUSTIN ROVER, the cars subsidiary of state-owned BL, moved last night to defuse the risk of confrontation with its manual workers after *shop stewards (factory union official)* voted overwhelmingly in Coventry to urge strike action unless the company improved its pay offer.

By contrast, Jaguar, recently returned from BL to the private sector, took a hard line. It warned workers of the serious consequences for jobs if industrial action were taken to extract further concessions on what was described as "the final offer."

Austin Rover shop stewards voted to reject the company's response to their demand for a £22-a-week pay *rise. The 28,000* manual workers will be urged at mass meetings on Thursday to commit themselves to "any action necessary to pursue the claim."

Union leaders made clear that the most effective form of action would be a strike. They believe such a mandate would strengthen their hand in further talks with the company scheduled for Monday.

Austin Rover pointed out last night that it was far too early to be talking of strike action. The company had opened the talks with an offer of 9.4 per cent over two years, but the negotiating procedure was by no means exhausted.

At Jaguar tomorrow shop stewards are expected to urge mass meetings of the 7,000 workers at Coventry and Birmingham to agree to strike from November 1.

Jaguar has offered an increase in basic pay of just over 7 per cent, plus the consolidation of £3.75 a week productivity-related bonus payments in each of the next two years. That would raise the basic pay of an average production worker by more than £25 a week to £142.

The company said its offer was final and very generous and the success achieved in the past two years must not be thrown away.

The pay strike at Vauxhall, the UK subsidiary of General Motors, was crumbling yesterday as 2,300 engineering union workers at the Ellesmere Port factory, Liverpool, voted to accept the company's improved offer and return to work.

Government puts first warship yard on market

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BROOKE MARINE of Lowestoft, Suffolk, yesterday became the first of the nationalised UK warship yards to be put up for sale under the Government's privatisation plans for the industry.

It is the smallest warship yard owned by British Shipbuilders (BS), with a workforce of 630, and the only one to make a loss of £1.6m last year on naval work, although the yard has been profitable.

No sale figures were mentioned yesterday by BS in its statement, or by Lazards, the merchant bank handling the warship yard sales. Industry sources said a price tag of £2m to £3m was possible, however.

So far, the only known candidate to buy the yard is a consortium being put together by three main directors and their financial advisers.

Brooke Marine has an order book of some £25m, according to Mr Gordon Hilton, the managing director. It operates at the smaller end of the shipbuilding scale, concentrating on fast patrol and landing craft.

It is completing a landing ship for Oman and has just begun the steelwork on a coastal survey vessel for the Ministry of Defence. It also has some repair work.

"We are chasing all we possibly can," said Mr Hilton of the search for more business. It hopes for orders from the Middle and Far East as well as from the Royal Navy. In export markets, the yard is chiefly up against French, West German and Italian competition.

The Singapore yard of UK-based Vosper, former owner of the Vosper Thornycroft yard in Southampton, is also a market competitor. A number of developing countries also want to build their own small naval craft, said Mr Hilton.

Mr Ian Russell, technical director of the yard and one of those involved in a possible management and staff buy-out, declined to comment on the sale proposals yesterday. But a spokesman for East Anglian Securities Trust, which is advising the directors said: "We are as determined as ever to pull it off."

Swan Hunter, the warship and merchant yard which is also to be sold, said last week that up to 2,000 of its 7,500 workforce could go early next year as a result of poor order books.

● The managemeot of Thomas Storey (Engineers) has acquired the Stockport-based Bailey bridge maker from the receivers of Acrow, the holding company which failed early last month.

Candover Investments, a leading management buy-out specialists, has organised financial backing for the Storey management team. The price has not been disclosed but is believed to be about £3m.

Jersey court agreement sought in Clore case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN UNEXPECTED development in the complex five-year legal battle which bas bedevilled the £100m estate of the late Sir Charles Clore, the founder of the Sears Holdings empire, was announced at the Royal Court in Jersey yesterday.

Negotiations have been started to seek a compromise on Jersey litigation over the estate, the court was told. As a result Sir Charles's son, Mr Alan Clore, bas dropped his claim for a ruling that his father was domiciled in Monaco at the time of his death in 1979.

The hearing of the claim bad beeo due to start yesterday and had been expected to last two weeks.

Advocate Francis Hamon, for Mr Clore, said it was hoped to ask the court to sanction a compromise before the end of the year.

It appears that Mr Clore, who was excluded from his father's wills, will not benefit personally under the terms now being negotiated. In a statement issued after yesterday's bearing Mr Clore said anything he received be would donate to charity. He was establishing a charitable foundation for this purpose.

It is understood that, if successfully concluded, the negotiations will dispose of Mr Clore's challenges to his father's two wills. An English will left all the estate outside Monaco to charities, a Monégasque will left assets in Monaco to Sir Charles's daughter, Mrs Vivian Duffield.

It also seems likely that the compromise will allow Sir Charles's executors to negotiate on the UK Inland Revenue's capital transfer tax claim against the whole estate – an aspect of the matter which could have implications for Jersey's future as a tax haven.

The Official Solicitor, the UK High Court appointed-administrator of the Clore English estate, who is seeking an order appointing him also as administrator of the Jersey estate, is not a party to the compromise negotiations, nor is the Inland Revenue, which has no legal standing in Jersey.

Neither would therefore be bound by any compromise.

Advocate Hamon said a basis of the compromise was that a ruling on Sir Charles's domicile should be obtained in Jersey.

Insurers sign agreements for satellite salvage

By John Moore, City Correspondent

THE INSURANCE industry on both *sides* of the Atlantic *yesterday* signed agreements which will lead to the recovery and possible relaunch of two ailing satellites.

The satellites are to be salvaged from outer space in an elaborate operation and then sold to the highest bidder, after making provisions for a relaunch.

Mr Stephen Merrett, from the Lloyd's insurance market, represented hundreds of insurers who bad taken part of the insurance risk on the space satellite programme. The agreements bave been signed by the U.S. National Aeronautics and Space Administration (Nasa) and the insurance underwriters.

Underwriters are attempting to recoup some of the $180m which they have lost in paying damages on the malfunctioo of the two satellites this year – one owned by Western Union and insured for $105m, and the other by the Indooesian government agency Permumtel, insured for $75m.

Electricity prices may rise by 6–7%

TREASURY demands for improved profitability in the electricity industry might result in a 6 to 7 per cent rise in electricity prices next year, compared with rises of about 4½ per cent now being considered within the Department of Energy, Max Wilkinson writes.

The argument about charges is likely to cause renewed frictioo between Mr Peter Walker, the Energy Secretary, and Mr Nigel Lawson, the Chancellor of the Exchequer, who had a strong argument on the question last year.

After failure of the two departments to agree again this year it has been referred to the so-called "Star Chamber" on public expenditure under the chairmanship of Lord Whitelaw, and it is expected to be considered this week or next.

The Treasury demands are part of a general campaign to reduce the external borrowing needs of nationalised industries over the next four years with particular emphasis on electricity and gas. Arguments about a rise in electricity prices are complicated by the case for a so-called "Scargill" surcharge to meet the extra costs resulting from the miners' strike.

□ DIXIE CUPS, the U.S. operation owned by James River, is forming a joint venture with F. Bender, e leading UK supplier to the catering industry. The venture, Dixie Benders, will initially produce about 200m paper cups a year at Bender's new £5m factory in Wrexham, North Wales.

About 70 per cent of the cups will be exported, with West German and France as the main markets.

□ AIR FARES in Western Europe are to be examined by the National Consumer Council to determine whether they are too high, and what can be done to reduce them. The independent body, which receives a government grant, said: "It can cost more to fly from London to Athens than it does from London to New York. European fares were on average 20 per ceot higher than on comparable U.S. routes."

□ ACRIAN, a Californian-based company, is to establish a £5.5m manufacturing plant in South Wales *to produce bi-polar micro*wave semiconductors for the communications and radar industries.

□ REGULATIONS requiring food manufacturers to label meat products with their minimum meat content and the amount of water added were published by the Ministry of Agriculture.

□ COMMERCIAL Union has doubled the cost of its house contents policies for many policyholders in London and certain cities.

Security unit set up to combat terrorism after Brighton bomb

BY KEVIN BROWN, PARLIAMENTARY STAFF

A NEW SECURITY unit has been set up to co-ordinate the battle against Irish republican terrorism, Mr Leon Brittan, *the Home Secretary*, told the House of Commons yesterday.

The unit will try to preveot a repetition of the IRA bomb attack on October 12 at the Grand Hotel, Brigbton, during the Conservative Party conference. Four people died and Mr Norman Tebbit, the Trade and Industry Secretary, is among those still detained in hospital.

Mr Brittan told MPs who were meeting for the first time after the summer recess: "The aim is to bring to bear the widest range of experience in assessing Irish terrorist intentions and capabilities and to advise on, and co-ordinate, the countermeasures required to meet them."

The unit will supplement the Metropolitan Police Special Branch as the focal point for the collection and evaluation of intelligence and *for anti-terrorist operations* by the security forces.

Mr Brittan said that more than 400 police officers were pursuing inquiries about the bombing. Security had been stepped up for other potential targets and at Westminster. The police and Home Office were also tightening security at party political events, which were vulnerable locally and nationally.

Mr Brittan said total security was impossible and political leaders were vulnerable because they had to be accessible to the public. "Everything which can be done will be done to prevent such outrages and to protect their targets. But we will not be bombed into bolt-holes by terrorists," he said.

"Those who believe that terror can prevail against democracy understand neither the members of this House nor the British people."

Mr Brittan said security would "no doubt" be one of the subjects on the agenda when Mrs Margaret Thatcher, the Prime Minister, met Dr Garret FitzGerald, her Irish counterpart, at the British-Irish summit next month.

Mr Gerald Kaufman, the Labour opposition's shadow Home Secretary, said the bombing was a deliberate attempt to destroy the Cabinet by mass murder. He was cheered as he set aside Labour's "serious differences" with the Government to declare: "The only way we get rid of a government in Britain is through the ballot box."

Mr David Steel, the Liberal leader, said the IRA hopelessly misunderstood public and parliamentary opinion.

Bonn pollution plan attacked

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DISAGREEMENTS between European governments about exhaust emissions are presenting car manufacturers with "a situation so bizarre and so complex that it poses a serious threat to the stability and development of the industry as a whole," according to Mr Ray Horrocks, chief executive of BL's car operations.

Mr Horrocks insisted yesterday that West German proposals for the use of three-way catalytic devices to clean up emissions were "a stop-gap response to a long-term problem."

The problem deserved a cost-effective, long-term solution agreed by every European nation, he said. "We as motor manufacturers are well advanced with alternative technologies which will provide a much better answer to the problem than catalysts."

Mr Horrocks, speaking at a conference in London organised by the Institution of Mechanical Engineers, pointed out that the industry in Europe had reduced emissions from cars by about 70 per cent since the early 1970s. "They will continue to reduce as available and affordable technologies develop."

He said no one in the industry opposed the general movement towards cleaner exhaust emissions or the removal of lead from fuels. But he criticised the West German Government for being prepared "to go it alone and declare its own standard, almost regardless of the position of its European partners and certainly regardless of the technical limitations to be imposed on manufacturers."

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FT COMMERCIAL LAW REPORTS

Airline's service cut without 'due inquiry'

REGINA v SECRETARY OF STATE FOR TRANSPORT, EX PARTE PHILIPPINE AIRLINES INC

Court of Appeal (Lord Justice Lawton, Lord Justice Griffiths and Lord Justice Dillon); October 16 1984

A FOREIGN airline's licence to operate in and out of the UK should not be varied to reduce the frequency of permitted services without the airline first being given an *opportunity to question and comment* on the reasons for the proposed reduction.

The Court of Appeal so held by a majority when giving its reasons for allowing an appeal by Philippine Airlines Inc (PAL) from Mr Justice McNeill's refusal to quash the Secretary of State for Transport's permanent variation of its UK operating permit. The appeal was allowed on July 26 1984.

LORD JUSTICE LAWTON said the Air Services Agreement (ASA) was made in 1955 between the Philippine Government and the UK. It was concerned with establishing air services between and beyond Philippine and UK territories.

Article 6(3) of ASA provided that the agreed services should have as their primary objective "provision:..for the carriage of passengers...originating from or destined for the territory of the contracting part..."

On June 18 1981, the Secretary of State granted PAL permission to operate three services a week between Manila and London. All through 1981 and 1983 it operated only two services. In the autumn of 1983 it decided to take full advantage of the permit by increasing its services to three a week.

The Department of Transport, however, was disturbed by the results of a survey by sample of PAL's traffic figures. The survey revealed that a substantial number of passengers *started their journeys* in Australia, New Zealand or Hong Kong. If those passengers merely changed at Manila from one incoming plane to a London-bound plane, instead of staying in Manila, they were what was known in the airline business as "sixth freedom traffic."

Disturbed hy sixth freedom traffic originating from Australia, the Department did not seem to have appreciated that the sample figures were incapable of showing whether PAL's services conformed with article 6(3) of ASA. It got the wrong picture of PAL's traffic pattern.

It gave PAL notice that its existing operating permit would be revoked and a revised permit for two services per week would be issued. The reason given was that PAL'a services were operating in contravention of ASA.

Relying on the sampling figures, the Department advised the Secretary of State to vary PAL's permit *provisionally so as to confine its* services to two a week. A decision letter to that effect was sent to PAL.

PAL applied for judicial review. Mr Justice McNeill quashed the variation on the ground that the Secretary of State failed to consider whether ASA imposed any obligation on PAL under domestic law.

It could have been quashed on another ground, namely that in relying on imperfect figures which were inaccurate and unreliable the Secretary of State had taken into account factors which he ought not to have taken into account.

After making another provisional variation which was not quashed by Mr Justice McNeill, the Secretary of State made a permanent variation. In a decision letter dated July 23 1984, he said there had been "certain discussions" between PAL and British Airways which had reached the stage where nothing further was likely to emerge, and that he had complete his inquiry.

He formed the view that there was substantial traffic not truly originating from or destined for Manila, that the quantity of traffic originating from or destined for Manila did not justify additional capacity beyond the two frequencies, and that the pattern of traffic was not in conformity with article 6(3) of ASA in that it was inconsistent with its primary objective.

He took into account that PAL was not a party to ASA and that ASA *did not* impose any obligations on PAL under domestic law.

In the course of the "dicussions" referred to in the decision, PAL had produced what seemed to be full and accurate traffic figures capable of answering the Department's queries on the earlier figures. They showed that about three quarters of PAL's traffic was clearly in conformity with what was envisaged in article 6(3).

The Secretary of State gave PAL no opportunity to comment on the traffic pattern which the revised figures revealed.

PAL unsuccessfully applied to Mr Justice McNeill for judicial review of the permanent variation. In the present appeal Mr Henry, for PAL, submitted that the decision was made without due inquiry as required by article 59(1) of the Air Navigation Order 1980. Under that article permits could be varied on sufficient grounds being shown to the satisfaction of the Secretary of State "after making due inquiry."

"Due inquiry" might take many forms, depending on the nature of the case, but whatever form it took, it must be fair.

Article 59 gave the Secretary of State power to curtail severely the operations of an airline. He had to have sufficient grounds for exercising his powers, but he could not know whether he had sufficient grounds if he failed to give the airline an opportunity to answer allegations made against it.

The opportunity of answering was essential for a due inquiry under article 59(1), and was not afforded to PAL.

It was particularly important that PAL should have been given an opportunity of commenting on the Secretary of State's new approach, since his first one had been misconceived. His omission was likely to create a suspicion that he was finding new reasons for supporting an earlier decision based on faulty grounds.

The absence of "due inquiry" before making the permanent variation vitiated the decision of July 23. The appeal should be allowed.

LORD JUSTICE GRIFFITHS, agreeing, said that until the decision letter on July 23 1984, the only ground on which the Department had relied as justifying restriction of PAL's permit was that it was carrying so much Australian traffic as to abuse the permit.

Now, for the first time, the Department gave an entirely different ground for varying the permit, namely "that the quantity of traffic originating from or destined for Manila does not justify any additional capacity beyond the two frequencies..."

Parliament had entrusted the responsibility of making such a decision to the Secretary of State "on sufficient ground being shown to its satisfaction after due inquiry."

What was embraced in "due inquiry" must vary with the subject matter and nature of the decision, and the circumstances surrounding it. It was a minimum requirement that the inquiry should be conducted fairly and with an open mind. Fairness and open-mindedness required the Secretary of State to give the airline a chance to answer the case made by the Department

He failed to complete a due inquiry before making his decision and his order should be quashed.

LORD JUSTICE DILLON, dissenting, said he could not accept that the Secretary of State had not made due inquiry. He had obtained from PAL detailed figures of the extent of the sixth freedom traffic. That was the one gap in the picture. There was no further inquiry which he ought to have made.

Had he given as his only ground for the permanent variation a mere repetition of the assertion that PAL was acting in contravention of article 6 (3), based on the same inaccurate figures, there would have been strong grounds for contending that his attitude was perverse.

That was not the case. The letter of July 23 put the decision to vary permanently on an alternative and wider ground. There was nothing unfair in his deciding, on all the figures available to him, that PAL was carrying too much sixth freedom traffic from Australia and that its permit ought consequently to be varied.

For PAL: Denis Henry QC and Bruce Coles (Slaughter & May)
For the Secretary of State: David Donaldson QC and Stephen Airchinson (Treasury Solicitor).

By Rachel Davis
Barrister

UK NEWS

Virgin faces cheap fare competitor on transatlantic route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR RANDOLPH Fields, the founder of *Virgin Atlantic Airways*, has set up a new airline, Highland Express Airways, which could become a cheap-fare competitor to Virgin on the transatlantic route next summer.

Mr Fields, who created British Atlantic Airways and changed its name to Virgin Atlantic when Mr Richard Branson's Virgin Records group acquired a major stake, remains on the Virgin Atlantic board and maintains his own minority financial stake in that airline.

Highland Express will be a separate operation, based in Prestwick, Scotland, although it will fly to New York and Toronto *from London* (Standsted), Birmingham and Maastricht in Holland, via Prestwick.

Highland Express will be aimed at the low-fare market for people visiting friends and relatives in North America. The single fare, Prestwick-New York/Toronto will be £115, or only £89 for a late purchase "stand-by" ticket.

Virgin Atlantic's fare for the single Gatwick (London)-Newark (New Jersey) flight next summer is not yet known, but this winter it will be £129 single, against £119 last summer.

Although Highland Express will be aiming at the North of England and Scotland for most of its market, the fact that it will be flying out of Stansted, just north of London, and from Birmingham will ensure that it will compete with Virgin Atlantic.

Mr Fields said in ite first full year Highland Express would carry 460,000 passengers and that with only 5 per cent of the available transatlantic market between the UK and North America, it would be flying full. Daily flights to New York and Toronto with Lockheed TriStar tri-jets are planned.

In addition to its economy class Highland Express will offer a business class at a single fare of £229 from Prestwick to New York/Toronto. Highland Express intends to offer a high quality cabin service, including meals, drinks and in-flight entertainment (video) for those passengers who wish to pay for them separately.

Highland Express believes that by *locating its "hub"* at Prestwick it will attract cheap fare passengers from European points, in addition to the passengers it hopes to pick up at Maastricht. It will offer a single fare, Prestwick-Maastricht, of £29, and a Prestwick-London single of £23.

Costs of 'cashless shopping' challenged

BY SIOBHAN HANEY

CLEARING BANKS and retailers were sharply criticised yesterday for failing to check rumours that bank charges or shop prices would go up to pay for new electronic technology – which is designed to keep prices down.

Speaking on the first day of a Financial Times conference on electronic financial services, Mr Jeremy Mitchell, director of the National Consumer Council, said: "There is talk of higher shop prices to pay for the new technology or higher bank charges.

"Have not the banks and the retailers got things the wrong way round? If electronic banking is going to be more profitable for them, why should the consumers not get some of the benefits?"

The driving force behind electronic banking was the banks' desire to reduce the cost of handling payments, he added, and they would benefit if they could shift a significant proportion of transactions on to electronic systems. "Some of this benefit should be passed to the consumer."

Mr N. M. Massfeller, general manager of Eurocard International SA, said a decision had been taken to provide a worldwide and selective travel and entertainment card, as well as a broad or mass debit or credit card, with the decision on European or worldwide acceptance left to the issuer.

He described the security risks inherent in the present concepts and systems for international EFT/POS (electronic funds transfer at the point of sale), networks.

He discussed money and the nature of fraud and counterfeiting and gave an outline of how Eurocard approached security. The Eurocard product philosophy was built around a matrix principle, offering the banks an optimal balance between risk and convenience. Mr Massfeller concluded that the security questions in cross-border operations were still *open ones*, and he suggested an industry-wide effort to resolve them.

Mr F. G. Reeve, general manager of the management services division at National Westminster Bank noted that the costs and benefits of technology largely determined the speed of adoption of *new systems*. On "cashless shopping," he said UK banks expected to launch their pilot scheme over the next two to three years and hoped to have a full system installed well before 1990.

Mr Reeve said there would be no place in the future market for a *bank that did not make the best* possible use of information technology.

Mentioning his own company's telebroking service, Mr Baughan said it would not be long before home banking and home broking were linked together. Looking beyond 1986, Mr Baughan said international 24-hour dealing would soon be a reality, together with screen-to-screen dealing operated from the client's home, at the touch of a button.

Mr Brian Baughan, managing director of Hoare Govett Financial Services, concentrated on the future of stockbroking after the deregulation in 1986. He applauded the Stock Exchange's move to establish a centralised communications network and an electronic book-entry transfer system for the settlement of stock, which would eliminate the present "Victorian" paper-based method.

Mr Peter Lumb, general manager of the Leeds Permanent Building Society, said there was need for a new role for the building societies after recent government proposals. He said that rationalisation would occur and would take two forms – mergers between societies and joint working arrangements for special services.

Once the new legislation became law, there would be no barriers to the societies' offering similar services to the banks. On technology, Mr Lumb said investment in back-office systems and automated teller machine (ATM) networks would continue, and he suggested that a future development might be a uniform ATM network linking all the non-clearing bank networks.

He said the fight for retail deposits between the banks and the societies, which had raged for some years, would be given added impetus next April when the banks were put on the same tax level as the societies.

Mr Robert Goodsell, controller of the systems development project at Debenhams, said research carried out in the group's stores, showed that on the whole, the public would be happy to accept EFT/POS, although there were small worries – of the systems' going wrong and the embarrassment of having a card rejected.

FINANCIAL TIMES
Electronic Financial Services
CONFERENCE

Mr Goodsell emphasised that the banks had not fully taken into account the fact that stores would face an annual cost of servicing an EFT/POS experiment of about £1.5m.

Competition to provide EFT/POS services would come from non-banks and equipment and network suppliers, which would eventually develop into a nationwide financial network.

Mr Adrian Norman, management consultant with Arthur D. Little, drew conclusions from the history *of experiments in electronic funds* transfer. What was needed in the UK, he said, was an appropriate overall structure that provided for co-operation in the area of facilities, but which allowed competition in the services offered. Given the aspirations of 10 years ago, EFT/POS networks should already be commonplace, he said.

Alan Jamieson, assistant general manager (business development) at Clydesdale Bank, said the bank's involvement with EFT/POS experiments, had been "happy and successful." Retailers had seen clear evidence that "payment by debit card tends to increase the size of purchase."

Mr Jacques de Keyser, head of business promotions department at Société Générale de Banque, outlined the EFTPOS/ATM schemes in Belgium, including Mister Cash (which Société Générale helped to set up), Bancontact and Postomat. He believed that EFT would take a few years to develop and win full acceptance. Information technology probably would be the next step in electronic banking developments, and marketing constraints would prevail over technological considerations, implying that for EFT, availability, accuracy, convenience and variety of services were the key questions for banking tomorrow.

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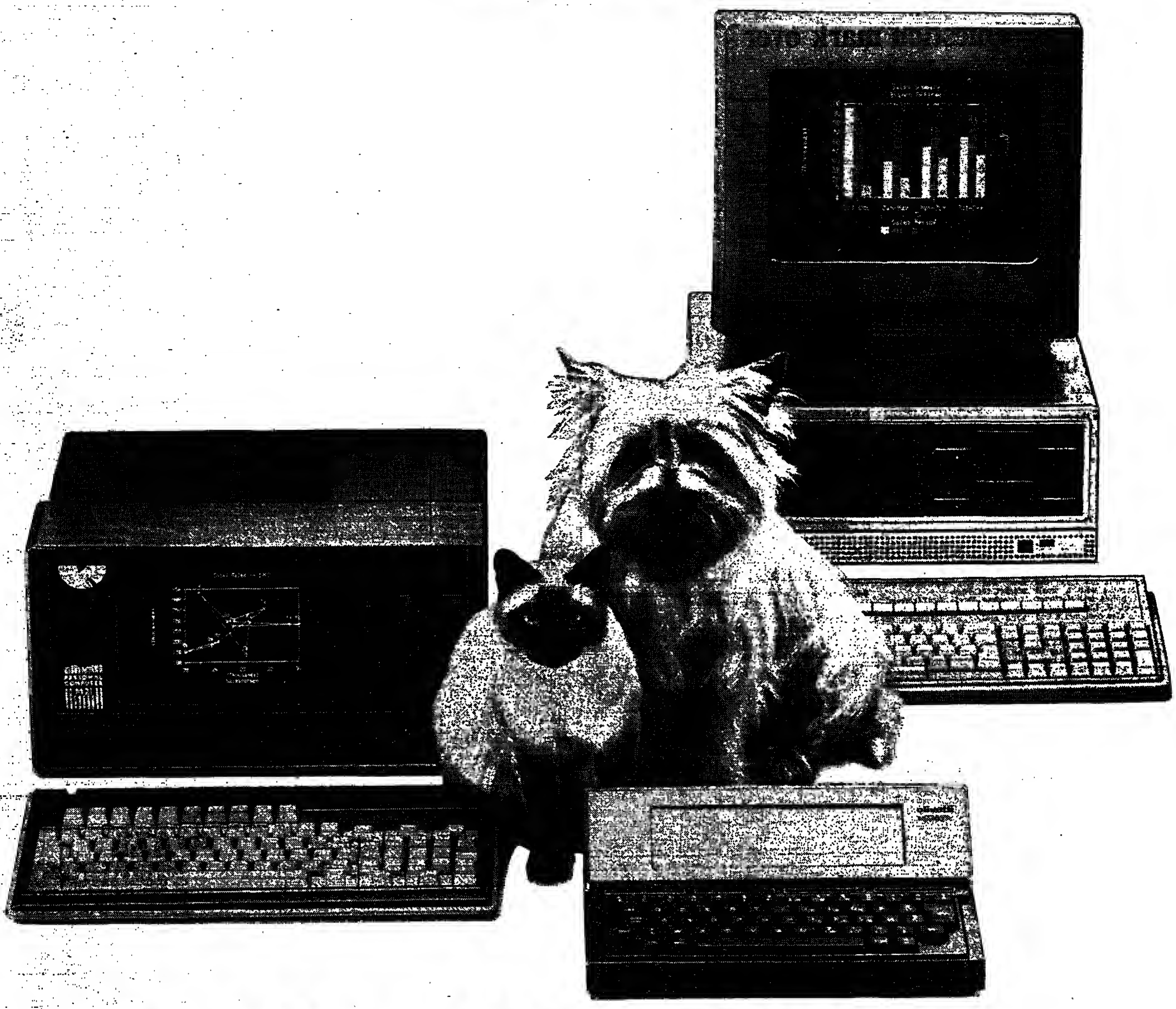

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

EEC FUNDING is being sought so that a scheme run by the Institution of Mechanical Engineers aimed at getting young, unemployed technology graduates into small businesses can continue beyond the end of the year.

Question mark over graduate scheme

The move follows the withdrawal of financial support for the scheme by the Manpower Services Commission. The MSC has been paying about half the costs since the beginning of the year. It told the IMechE of its decision during the summer in e letter signed by its then chairman, David Young, who has since been ennobled and has joined Mrs Thatcher's Cabinet to take charge of job creation programmes.

The alternative funding is being sought from the EEC social fund by Ron Whitfield, national co-ordinator for the IMechE in charge of job creation, despite gloomy prognostications from the Department of Trade and Industry about his chances. Whitfield is also on the sponsorship trail around the big companies, while the DTI is considering *whether it* should *step* into the MSC breach.

The MSC is withdrawing because it maintains that the scheme is not "community-based." It also considers the scheme to be a subsidy to small businesses because it provides them with research and development which the Government thinks they should be funding themselves.

"If we had been providing everyone with new footpaths we could have asked for more money and that would probably have been all right," says Whitfield.

To date, the scheme's 19 *graduates* have been involved in a wide range of projects, from development of maternity and a gereatrics' beds to a wine chiller and electronic device for coin-operated machines (see below).

All the companies involved have told the IMechE that the projects would not otherwise have been carried out, mainly because they could not afford to take all the risks involved. The graduates have cost them nothing; their wages—£6,000 each—were shared equally by the MSC and Merseyside County Council.

These two bodies became involved because of lobbying by Whitfield, a retired ICI senior manager, who happens to live in Liverpool. The key figure involved for the MSC was Liverpool University's Professor Fred Ridley, who pushed through approval despite the scheme's borderline nature regarding "community based" rules.

Other local authorities have *since approached Whitfield* to replicate the scheme in their areas but this threatened with rate-capping have now had to back off as this would, in effect, quadruple the cost from the £55,000 it has cost Merseyside. Cleveland Council is one authority determined to press ahead.

Whitfield thinks that costs are reducible through paying the graduates only £4,000 a year and making the small companies involved bear some of this.

Design and development of bright ideas

THIS year's president of the Institution of Mechanical Engineers, Dr Waheeb Rizk, was shown exactly how the graduate funding scheme is likely to create jobs when he met all the graduates on it a few days ago. In a dimly-lit corridor of the antiquated Liverpool Maternity Hospital he put through its paces a prototype high technology bed which tilts backwards and forwards and can be "broken" into a chair-like configuration for delivering babies (the part that became the seat base is cut out appropriately for the purpose).

The bed was designed and largely made by Eric Potts, who graduated from Sussex University last year in mechanical engineering. Potts has spent the last 12 months with a small hospital supplies manufacturer in Liverpool, F. Llewellyn and Co. He has also designed a bed for geriatrics which "breaks" in three places to provide tailor-made support for all parts of the body, as required. It is easy to get in and out of and the company claims that it is likely to be 20 per cent cheaper than any other geriatric bed on the *market*.

Llewellyn has told Whitfield that the new maternity bed will create at least one more job in the company. The geriatric model, for which there is a bigger market, will create four or five. Ironically, Potts will not be among them. He says: "I'm determined to work for myself," and *is* setting up a "*technical* temps" employment agency, mainly to supply temporary computer staff to large companies.

Another graduate, Steven Low, who read mechanical engineering at Birmingham University, has been working with John Millar (UK), at Hoylake, Wirral, on an "intelligent" valve. This uses a microprocessor to turn the valve into a flowmeter, so that an operator can measure flows of oil, gas or other fluids.

Low's job has been to calibrate the company's invention. As it goes into production, two or three jobs will be created immediately, rising to between four and six, depending on market response.

Stephen Doyle (ex-Liverpool Polytechnic) is working on a wine chiller for Excelarc, of Kirkby, Merseyside, which will chill *wine from* 68 to 54 deg F in four minutes without shaking the bottle. Since it takes 20 minutes by ice bucket or requires much more power if a chilling cabinet is employed, the restaurant market is expected to *respond well*.

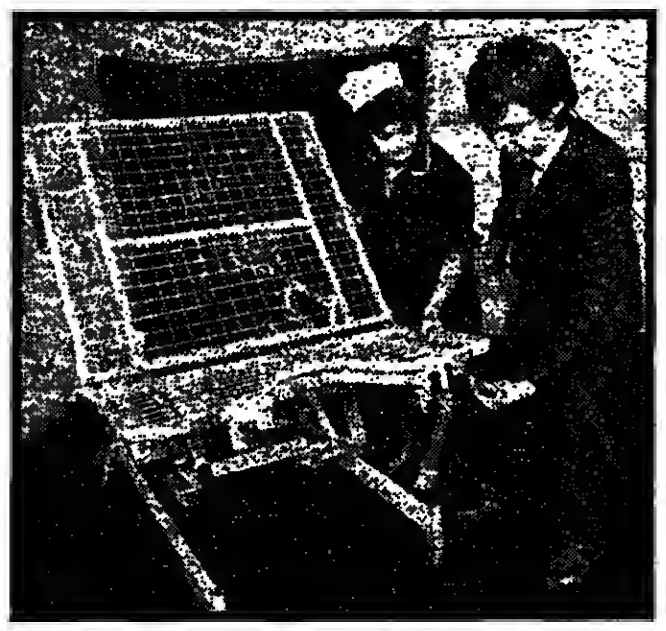
Meanwhile, in the cramped corner of the Merseyside Innovation Centre occupied by the fledgling Piper Instruments, Richard Place (also ex-Liverpool Poly) has designed a novel electronic device for coin-operated machines. Working on an electronic "coin-print" produced as the coin falls through a *magnetic* field, it *can* be calibrated to identify any coin in the world and different denominations.

It could be particularly useful for, say, airport vending machines, allowing any combination of coins from any mixture of countries to be used.

In one project which particularly impressed Dr Rizk, Robert Crookham, an Aston graduate, has redesigned the cooling system used in machines for sealing plastic bags at Johnston Lightning Filler of Prescot, Merseyside. By developing an air cooler he is opening the way *for messy*, more expensive and less efficient water coolers to be abandoned, cutting costs and improving productivity.

Another Liverpool Poly graduate, Jeffrey Hale, has produced the detailed working drawings *for British manufacture of* a low-maintenance electric truck for use in South American mines. At present Wingrove and Rogers of Kirkby import these from Bulgaria for re-export.

Ian Hamilton Fazey



Eric Potts's design for a maternity bed will create at least one more job at its manufacturer

In brief...

A SERIES of manuals from Which Business Publications deals with starting up or expanding a range of enterprises including health food stores, guest houses and dating/marriage bureaux. Each deals with size of investment needed, likely profit levels, marketing and promotion techniques and personnel policy. Details from 2a Camberwell Green, London, SE5. Each manual costs £12.50.

•

BEACON Publications is puting *200,000* 5p *ordinary* shares on offer to investors under the business expansion scheme at 180p each. The company publishes business annuals on UK and Middle East markets, including company location handbooks, and a sports and leisure series. Nearly 80 per cent of turnover comes from advertising.

Forecast for 1984 is £1.4m turnover (1983: £748,000, 1982: £222,000) with profits of £268,000. The company wants to finance expansion of business annuals to cover other geographical markets and development of its leisure series. It also sees great potential in its growing database of business information generated by production of the annuals.

•

PLANNING *EXCHANGE* is holding a seminar in Glasgow on October 30 on technology transfer between medium-sized and small companies. The seminar will focus on the role of enterprise agencies and local authorities in helping the transfer take place. Contributors will include the Scottish Development Agency, Greater London Enterprise Board and Cleveland County Council. Details from the organisers at 186 Bath Strret, Glasgow.

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THE INDUSTRIAL Development Board has given the go-ahead for the largest private sector development site in Belfast to be constructed for small businesses.

The seven acre site is on the IDB Industrial estate at Castlereagh and will be developed in phases by Varo Estates, a Northern Ireland property company. Work on the first phase, a 20,000 square feet complex of 14 small factories and workshops, should be completed by March 1985.

Corporate venturing

An uneasy co-existence

BY IAN HAMILTON-FAZEY

REPRESENTATIVES OF Ferranti and Thorn EMI took to the stage last week to tell a high-powered gathering what they are doing in corporate venturing—in the U.S.

Nothing could have better illustrated the state of British corporate venturing, for it is practically non-existent in this country. However, according to Tony Lorenz of Equity Capital for Industry, a private sector investment company with a venture capital arm, things are at last beginning to stir, even if *only very slowly*.

The state of corporate venturing was discussed at a conference in London attended by senior managers from about 30 of Britain's most successful private sector corporations. *Corporate venturing* is the process whereby big business invests in small business through minority equity stakes in emergent, and usually high technology, companies.

Ironically, the conference was held on the very day that the Anglo-American Alan Patric—of Associates announced the UK's largest venture capital fund to date, worth £30m and fully subscribed. It will be looking to back companies with high growth potential. Up to a quarter of the investments will be in the U.S. or France.

Of the 17-strong list of the fund's subscribers, all but four ere either pension funds or insurance companies. Of the four corporate interlopers, these are American — Citibank, General Electric and Manufacturers Hanover—while the fourth is the Danish commodities group C. W. Obel Aktieselskab.

There are three ways of practising corporate venturing —a company invests in a small business, it joins e fund managed by experts at venture capitalism, or it sets up its own fund run by venture capital *specialists on its own payroll*.

Last week's conference, staged by Arthur Andersen and Company, the accountants, and Venture Economics, the publisher and main source of venture capital information in the UK, was left with the *impression* that the direct investment, do-it-yourself approach was probably not a good idea.

This view was inevitable, because most of the speakers were the very specialists who would benefit most from companies adopting the second and third approaches. The D-I-Y approach was nonetheless fought for by Bob Boole, who does it for Analog Devices Enterprises in the U.S., and Iain Steel of BP Ventures (an exception on the largely inactive UK scene). But there are inherent conflicts which, other speakers suggested, need experienced intermediaries.

As Norman Fast, executive vice-president of Venture Economics' U.S. parent puts it: "Large companies are usually very uncomfortable with small *businesses*. There *is often* an attitude of 'if it's good, why don't we own all of it: if it's bad why are we messing about like this'?"

Relationships are made more difficult as the time needed to realise *investments* becomes longer. Fast says that most large corporations "cannot live with a three to seven year time frame." On top of that is the tendency of R and D directors to exhibit the 'NIH syndrome' —*which* means "*not invented* here"—and ruin promising projects.

So why do it?

No alternative

Brian Wood, whose Alta Berkeley Associates manages two U.S. venture capital partnerships, eays that things can be made even worse because in most mixes of venture capital projects, "the lemons ripen before the plums."

Fast says that, increasingly, more large U.S. companies are seeing no alternative. They include IBM, AT and T, General Motors. All have recognised that the climate of modern technology and marketing favours the emergence of the entrepreneur. Large companies, bogged down by corporate bureaucracy, are no longer the world's greatest innovators. The entrepreneur is steadily gaining ascendancy over the corporate planner.

Venturing specialists, knowing how to find or recognise an entrepreneur worth backing, are becoming key agents in the process. It was they, not the large corporations, who recognise the potnential markets for personal computers, packaged software, semi-conductors, biotechnology and even express freight delivery services, organising support for the entrepreneurs involved.

The life cycles of these products might see a rush of small companies setting up in the general field, followed by e shake-out of the least successful, followed by surges of specialised epplications of the now-proven technology. At this *stage or earlier*, large companies with a slice of the equity from the outset stand to benefit through securing for themselves mass-production and marketing agreements, or through setting up joint ventures, or even through acquisition.

Boole made it clear that this latter point was a prime reason for Analog's corporate venturing, but the prospect of making good acquisitions is *played down by people* with wider experience.

Large U.S. companies are finding that, properly used, venturing is very important in corporate development. Apart from long term commercial benefits that might accrue directly, the process opens a window for them on new technology and provides valuable intelligence for corporate planning. There is also an educational role with the encouragement of what has become known as intrapreneurialism, where people within the corporation acquire more adventurous small business outlooks.

For all this to work, however, the general belief is that venture capitalism itself has to develop a sound infrastructure. American practitioners have invented a jargon for this where everything revolves round exposure to "deals." These are not actually deals, merely potential ones, but if you want to maximise your chances of eventually taking equity in the next greatest invention since the silicon chip, you have to get close *to someone who knows how* to get into the "dealstream."

Britain's "dealstream" appears to be only a trickle at the moment, with, as some experts see it, too much money chasing too few deals and too many deals in the services sector. What money is available is from financial institutions wanting only good returns on investments; the money for which comes from what ordinary people save in pension funds or insurance schemes.

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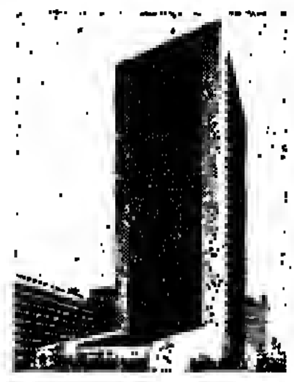

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In July 1984, DKB ranked No. 1 in total assets in *American Banker*'s "Top 500 Banks in the World".

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Internationalization of Yen

In accordance with the growing importance of Japan in the world economy, the internationalization of Japanese finance and of the yen has been accelerating since the mid-1970s.

The pace at which the yen is becoming a more internationalized currency will continue to pick up following recent developments in the government's financial policy.

In addition to foreign currency-based services, DKB can now offer more extensive yen-denominated financial services to non-residents than ever before.

Yen-Denominated Bonds

The primary market for "samurai" bonds — yen-denominated bonds floated in Japan by foreign borrowers — is expected to grow further after the coming relaxation of eligibility standards for such bonds. DKB plays a major role as a commissioned bank for publicly offered bonds and an arranger for privately placed bonds respectively. Especially for issues launched by private corporations, DKB has acted as a representative commissioned bank for three of the five samurai issues made to date, proving the Bank's predominant position in this field.

Syndicated Loans

DKB is in close touch with other banks and financial institutions, working out new techniques for syndication. The introduction of the yen-denominated floating-rate loan overseas is only one example of our leadership in the syndicated loan business.

The main syndicated loans in which DKB acted as agent in 1984 included a ¥30 billion loan for Malaysia and a ¥23 billion loan for the National Bank of Hungary, the latter being a new type of syndication with the World Bank. With effectively full liberalization of domestic yen loans to overseas borrowers in April 1984, the Bank is now better positioned to promote yen-denominated loan business.

Custodian Service

Following the internationalization of the yen, investment in Japanese securities has accelerated amongst foreign investors.

Renowned for its strong position in the area, DKB is frequently appointed as proxy & custodian in Japan by many foreign investors.

To strengthen our services, we established an independent custodial services department named the Overseas Investors' Service Dept.

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Euro-Yen Bonds (for non-residents)

As part of the trend of liberalization and internationalization, non-residents' issue of Euro-yen bonds is to be extensively liberalized after Dec. 1, 1984. This will allow overseas private corporations, municipalities and government institutions to issue Euro-yen bonds in addition to the foreign governments and international financial institutions which have already been allowed to do so.

Dai-Ichi Kangyo International in London and Dai-Ichi Kangyo Finance in Hong Kong are always ready to assist foreign customers in raising yen funds.

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DAI-ICHI KANGYO BANK

Head Office: 1-5, Uchisaiwaicho 1-chome, Chiyoda-ku, Tokyo 100, Japan Tel. (03) 596-1111

Branches and Agency: New York, Los Angeles, Chicago, Panama, London, Dusseldorf, Taipei, Seoul, Singapore **Representative Offices:** Houston, San Francisco, Toronto, São Paulo, Mexico City, Caracas, Buenos Aires, Frankfurt, Paris, Madrid, Bahrain, Jakarta, Kuala Lumpur, Bangkok, Beijing, Shanghai, Sydney **Subsidiaries:** Los Angeles Dai-Ichi Kangyo Bank of California, Toronto Dai-Ichi Kangyo Bank (Canada), Amsterdam Dai-Ichi Kangyo Bank Nederland N.V., Zürich Dai-Ichi Kangyo Bank (Schweiz) AG, London Dai-Ichi Kangyo International Ltd., Hong Kong Dai-Ichi Kangyo Finance (Hong Kong) Ltd., Sydney Japan Australia Acceptances Ltd.

Businesses for Sale

Pipeline Fabrication and Installation Contractors

Humberside and South Wales

The business and assets of DMS Mechanical Services Limited are available for sale as a going concern.

Principal features comprise:
- Turnover approximately £4 million per annum.
- Headquarters at Immingham, South Humberside, and freehold properties at Doncaster, South Yorkshire and Milford Haven, South Wales.
- Approximately 150 employees.

Contracts in hand and submitted for tender.

Further information can be obtained from the Receiver:
A.J. Richmond, FCA
Peat, Marwick, Mitchell & Co.
Airedale House
Albion Street
Leeds LS1 5TY
Telephone: (0532) 450331
Telex: 537794

PEAT MARWICK

COMPANIES FOR SALE

CW/2091: Profitable boat manufacturing company located on the South Coast with unique position in the sailing boat market. Due to expansion of a new unconnected product line the directors have instructed us to sell this successful boat company. This opportunity will suit a company with existing glass fibre production facilities or those wishing to enter this profitable and partly protected sector of the boat industry. Our clients will make available management expertise to the purchaser.
CW/2084: An interesting and profitable South Coast engineering company operating out of freehold premises with a good mix of income from distribution, quality engineering and a unique range of products developed specifically for the worldwide motor industry. The current owner wishes to retire but will stay as advisor/manager for an agreed period.
CW/2083: A highly profitable company selling reconditioned and new specialist machinery for sale, as the owners wish to retire from business life. Based in Yorkshire the company operates from extensive freehold premises which could form part of the sale. Management is available to continue for an agreed period.
We are also retained as fund/project managers by several client companies involved in property, leisure, franchising and service industries.
Retained clients still seek to purchase either part or outright, companies in property, building, leisure and related service industries. Size if profit potential can be proven is unimportant.

On any of the listed items please contact in the first instance:
T. W. Collins, Director

Collins-Wilde Associates Ltd.
HEAD OFFICE: PO Box 48, Winchester, Hampshire England SO21 2LL
Telephone: 0962 75260 - Telex: 477104

The business of WEMLOR MARINE LIMITED

This company has estimated net assets of some £200,000 and manufactures two inovatory products:
A COMBINATION NEOPRENE/NYLON DRY SUIT
A SURVIVAL SUIT THAT HAS CAPTURED APPROXIMATELY 75% OF THE U.S. MARKET
It also manufactures a broad range of supporting products in watersports apparel:

WET SUITS	LIFE VESTS
DRY SUITS	NYLON JACKETS

The company, which employs some 40 people, occupies leasehold premises in Oldham and is a subsidiary of a U.S. corporation which is developing new products and wishes to divest itself of this company.
For further information please contact O. V. Anthony:

Touche Ross & Co.
PO Box 500, Abbey House, 74 Mosley Street,
Manchester M60 2AT - Tel: 061-228 3456 - Telex: 666040

EXCEPTIONAL SERVICE INDUSTRY OPPORTUNITY

Dynamic growth group of companies in employment industry comprising recruitment advertising, hig technology recruitment (permanent and contract), design consultancy, six office staff (permanent and temporary), bureaux based in West London, Surrey and Sussex. Group turnover exceed £2½ million and current profits are over £250,000 pa. The potential purchaser should be a public company prepared to make a substantial cash or cash and quoted shares bid.

Replies from identifiable sources only to Box G10166
Financial Times, 10 Cannon Street, London EC4P 4BY.

GUNMAKERS SINCE 1834

W. & C. SCOTT LIMITED

Manufacturers of Shotguns — Established in Birmingham
For Sale as a Going Concern
RIGHTS AND ARCHIVES OF OTHER GUNMAKERS — CHURCHILL, CHARLES LANCASTER, GREENER AND HARRISON & HUSSEY could be available.
Telephone: Meriden (0676) 22990
Ref: JSR/AMM

CROCUS CENTRES LIMITED

Offers are invited for this professionally designed retail leisure centre.
- The business comprises the retailing of play and leisure equipment, furniture, giftware, garden and ceramic tiles, kitchens, and DIY products together with a quality licensed restaurant.
- Premises now have a full licence and therefore have further development potential.
- Located in Livingstone, West Lothian.

All enquiries to R. W. Wilson.

Touche Ross & Co.
100 West Nile Street, Glasgow, G1 2QS.
Telephone: 041-331 1241. Telex: 778662.

SPECIALIST SUB CONTRACTOR —CONSTRUCTION

The goodwill and assets of well established company with portfolio of public company clients. Long leasehold premises are available with manufacturing facilities. T/o to 31st December 1983 was £1.3m.
Please contact:
Richard Harrison, Jolliffe Cork & Co
6 West Parade, Wakefield WF1 1LX
Tel: 0924 379046

FOR SALE
SOFT DRINKS FACTORY
EAST MIDLANDS

We have available a fully equipped bottling plant in a leasehold factory of 17,500 sq ft. The versatile plant is capable of handling both non-returnable and returnable containers from ¼ litre to 1.1 litre sizes and includes a FPF stainless steel filler with full refridgeration and water treatment facilities.
Write in the first instance to:
Box G10167, Financial Times
10 Cannon Street, EC4P 4BY

SEVENOAKS BOOKSHOP, KENT

Old established and consistently profitable business for sale. Leasehold property in popular High St location, income from adjacent sublet property, net current rent only £450 pa. Offers invited in the region of £100,000 for the business and the lease. *For further details apply:*
PARSONS WELCH & COWELL
Sevenoaks - Tel: (0732) 451211

CONSTRUCTION AND HOUSE BUILDING COMPANY

Established Derbyshire based Company with £1.5m annual turnover with good profits.
Please contact:
Richard Harrison, Jolliffe Cork & Co
6 West Parade, Wakefield WF1 1LX
Tel: 0924 379046

Bespoke Printing Business

Nottinghamshire

Offers are invited for a bespoke printing business with facilities for in-house design, typesetting, origination, printing and binding. The company specialises in high quality 4-colour work and operates from modern, well equipped leasehold premises near Mansfield and close to the M1. Turnover £1.4m last year and currently employing 45 personnel.
For further information contact:
John Collins, Harold Wilks or
Jeremy Wisker, Spicer and Pegler
Clumber Avenue, Nottingham
NG5 1AH
Tel: Nottingham (0602) 607131

Spicer and Pegler
Chartered Accountants

Menswear Business For Sale

An expanding group of retail outlets with valuable assets.
Projected turnover of £1·5 million in current financial year, with projected profit in excess of £¼ million.
Present management may be retained.

For further information please write to:
Box G10162 Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE BY THE JOINT RECEIVERS

D.R.F. SAPTE and A.P. LOCKE

The business and intellectual property of a company specialising in the development and manufacture of a micro computer for the blind capable of integration with standard micro and main-frame computers.

Interested parties contact:
D. R. F. Sapte
BEGBIES
3 Raymond Buildings, Gray's Inn, London WC1R 5BH
(Tel: 01-242 6939)

Intek Microelectronics Limited—in Receivership

C&L

The business and assets of the above company are for sale as a going concern.

The Company is engaged in the assembly of boards for the microelectrics industry and trade from modern leasehold premises in Poole, Dorset. There are 26 employees and turnover is in the region of £250,000 per annum.

For further details apply:

Cork Gully
C. J. Barlow
CORK GULLY
21a Lansdowne Road
Bournemouth BH1 1JQ
Telephone: 0202 296012
Telex: 41532

FOR SALE

as a going concern

CLOTHING MANUFACTURING BUSINESS

- Present Turnover £1½-£2m
- Modern 50,000 sq ft Factory property located S. Yorkshire
- Well equipped for Leisurewear and other products
- Good customer list and established contacts
- Skilled workforce
- Further capacity available for expansion purposes

Please contact Box G10176, Financial Times
10 Cannon Street, London EC4P 4BY

SMALL U.K. INSURANCE COMPANY FOR SALE

Registered and trading U.K. Insurance Company, fully authorised by D.T.I.
At present permitted to underwrite under sections 7, 8 & 9, but with necessary injection of capital can be used as a vehicle for expansion into motor insurance, etc.
Write Box G10171, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
FURNITURE
MANUFACTURING BUSINESS
North London
Projected turnover £900,000
Good profits forecast
Excellent Plant
Attractive quality products
Modern long Leasehold Property
Realistically priced for early sale

FOR SALE
SPECIALIST PRECISION WOODWORKING COMPANY
Essex
Long established, owner retiring
Turnover £70,000, profitable
Freehold Property
Good Plant and Machinery
Own product lines
Considerable scope for development
For further details contact:
C. J. C. Derry
Business Brokerage Division
Brownlow House, 50/51 High
Holborn, London WC1V 6EG
Tel: 01-405 8411 - Telex: 897377
HENRY BUTCHER

General Building & Maintenance Business

A long and well established business in the London area specialising in glazing, carpentry and joinery is for sale. Regular business clientele including valuable local authority contracts. Growth record is impressive as is development potential. Current turnover circa £2 million and growing, with pre-tax profits of £300,000.
For further details write in confidence to Box G10181
Financial Times
10 Cannon Street, EC4P 4BY

LEISURE INDUSTRY

Animated display manufacture. T/O £200m, reputable customers.
Jones 07726 83383

Finishing Limited Rapid

C&L

Based in modern factory premises of 9,000 sq ft at Rogerstone, Newport, the Company, which has a turnover of £260,000 per annum, trades as finishers to major book and magazine printers.

Rapid Finishing has a highly skilled labour force of 10 and modern equipment with the capacity for cutting, folding, collating, stitching and perfect binding.

The business is offered for sale on a going concern basis and interested parties should contact:

Cork Gully
C. J. Barlow or
L. J. Baehr
CORK GULLY
Mutley House
23 Princess Street
Plymouth PL1 2HE
Telephone: (0752) 267441
Telex: 45788

Yate Leisure Complex Limited

C&L

A modern, multi-function, leisure complex, based in the centre of Yate's main shopping precinct, is available for sale.
Comprising of a lavishly fitted galleried ballroom, doubling as a centre for civic and private functions, holding up to 400 people, a separate 112 seat cinema and 50 seat restaurant, with a well equipped kitchen, the premises are fully licenced with three bars, two of which are situated in the Ballroom.
For further details, please contact:

Cork Gully
C. J. Barlow or
L. J. Baehr
CORK GULLY
Mutley House
23 Princess Street
Plymouth PL1 2HE
Telephone: (0752) 267441
Telex: 45788

Supervision Tele-Electronics (Western) Limited

C&L

Opportunity to acquire the assets and undertaking, on a going concern basis, of a company specialising in re-gunning cathode ray tubes for national broadcasting companies, television rental firms and retail outlets.
The company had a turnover of £197,000 for the nine months to September 1984 and employs 14 staff in a 8,100 sq ft factory at Wickwar, Gloucestershire.
Interested parties should contact:

Cork Gully
C. J. Barlow or
L. J. Baehr
CORK GULLY
Mutley House
23 Princess Street
Plymouth PL1 2HE
Telephone: (0752) 267441
Telex: 45788

Engineering Company

Manchester

Business for Sale

Operating from premises which offer excellent opportunities for over-the-counter sales, the Company holds well-established and profitable agencies for a wide range of portable electric tools and manufacturing plant, which it sells partly by mail order.
The Company also carries on business as a specialist manufacturer of cutting gear components being the only U.K. producer of this equipment.
Pre-tax profits have been over £100,000 p.a. for the last five years on turnover of between £700,000 and £900,000.
It is believed that there are substantial opportunities for the expansion and extension of the Company's business.

Contact: John Stewart at DEARDEN FARROW,
St. James's Buildings, Oxford Street, Manchester M1 6FS
Telephone: 061 228 2311

Chalet Development For Sale

Eagle Chalets Ltd near Loch Leven, Kinross
A well known development of eighteen holiday chalets, three-bedroomed house, reception/recreation building. Planning permission for further development—considerable scope.
Realistically priced at £275,000
Further particulars from:
TOWN & COUNTRY PROPERTIES (Kinross)
28 Station Road, KINROSS, Tayside KY 13 7 TG
Tel: 0577-63793

Robert Barry & Co

Specialist Hotel Agents & Valuers
Cotswold House, Cirencester, Glos. Tel: (0285) 2238 (Also London and Edinburgh)

£176,000 PROFITS ON NET T/O AROUND £800,000
confidently forecast for this year. Enjoying a prominent frontage to one of the busiest feeder roads to the new M25 only a few miles away - A MODERN HOTEL WITH ALL EN SUITE LETTING BEDROOMS (for 110 guests) AND A CONSISTENT RECORD OF INCREASING TRADE AND HIGH PROFITABILITY. Restaurant (80-90), bars, extensive and very flexible conference facilities and meeting rooms. Suite of administrative offices and ample staff accommodation. Extensive car parking on 1.5 acre site. A rare and unusual opportunity to acquire a highly profitable and expanding commercial enterprise.
Offers around £1.25 million freehold complete. Sole Selling Agents.

COMPANY FOR SALE

A well established Plant Hire Company engaged in the hire of non-operated plant, ideally situated in West Yorkshire with easy access for M1 and M62 *Motorways, is for sale. The company has an impressive track record in* respect of both growth in turnover and profits. The current turnover is in the region of £300,000.
Contact:
CHARLES E. COFFEY & COMPANY
Chartered Accountants, 15 Briggate, Shipley, West Yorkshire BD17 7BP

FOR SALE
PUBLICATION

Trade weekly for Retailers
Turnover of £¼m per year
Sale of Title or Company
Principals only apply
Write Box C10136, Financial Times
10 Cannon Street, EC4P 4BY

Well established W. Midlands based
STRUCTURAL ENGINEERS COMPANY FOR SALE

Due to impending retirement of one partner. Continental growth pattern over last 10 years. Freehold factories. Turnover approx. £2m. Employees: 90.
Write Box G10179, Financial Times
10 Cannon Street, EC4P 4BY

REST HOME
50 MILES SOUTH OF LONDON

Upmarket, completely refurbished to luxury standards. Registered for 23. Two cottages included. Operating for 12 months. 13 Residents currently. Turnover £120,000. Price: £345,000 or would split. Great potential for extending registration.
TEL: 01-405 4075/7030

FOR SALE
Well-established privately-owned
LIGHT ENGINEERING COMPANY

Engaged in the manufacture and distribution of health, leisure and exercise equipment
Annual turnover £1.5m
Principals only to apply to:
Box C10183, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE AS GOING CONCERN—ESTABLISHED RETAIL FURNITURE AND CARPET BUSINESS

- Located in London and Cheam, Surrey
- Freehold Property comprising Showroom and Offices with 2 service flats (1 vacant)
- Spacious Leasehold Showroom, Office and Warehouse premises
- Substantial stocks of good quality furniture and carpets
- Combined turnover approx. £3 million

For further details, please apply to —
Casson Beckman & Partners
11 / 12 Wigmore Place · London W1H 9DB
Telephone 01 637 2561 · Telex 24487

International

PROVENCAL FARMHOUSE

2 *miles Mediterranean*
INCOME FROM LETTING
SPARE WEEKS £10,000
Absolute gem, about £185,000
KENNETH BALL
Tel: 0273 690000 or 07918 3000

FOR SALE—Lichenstein company (establishment) until now no activities. Registered 1974. Sale price $7,500. Write Box G.10165, Financial Times, 10, Cannon Street, London EC4P 4BY.

FOR SALE
USA MANUFACTURER THERMOPLASTIC COLORANTS

Turnover $4m, profits $800,000
Net Worth $1m - Price $2m
with $1m down payment
Write Box G10180, Financial Times
10 Cannon Street, EC4P 4BY

Legal Notices

No. 006367 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
HONGKONG TIN PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948
ADVERTISEMENT of Meeting to consider
Scheme of Arrangement

NOTICE IS HEREBY GIVEN that by an Order dated the 16th day of October 1984 the Court has directed a meeting of the holders of Ordinary Stock Units of 25p each in the above-named Hongkong Tin Plc (hereinafter called "the *Company*") *other than those registered* in the respective names of Dato' Yeoh Tiong Lay, Yeoh Sock Ping and Dato' Mohd Salleh bin Yusof to be convened for the purpose of considering, and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the *Company and the* holders of all its Ordinary Stock Units of 25p each in the Company (other than as aforesaid) and that such Meeting will be held at 2nd Floor, No. 57, Jalan Bukit Bintang, Kuala Lumpur, Malaysia, on the Nineteenth day of November 1984 at 10.30 a.m. Kuala Lumpur Malaysia time at *which* place and time all such holders of Ordinary Stock Units are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, the form of proxy, and copies of the Statement required to be furnished pursuant to S.207 of the above mentioned Act.
(I) from the registered office of the Company in England, care of the English Registrars, Messrs. Harrison and Crosfield Plc, 1-4, Great Tower Street, London EC3R 5AB, England, and
(II) from the company's Malaysian *registrars, Harrison Malaysian Plantations*, Berhad, 5th to 9th Floor, Komplex Kewangan, Jalan Raja Chulan, Kuala Lumpur, Malaysia, during the usual business hours on any day (other than Saturday *or* Sunday) prior to the day appointed for the said Meeting.

The said *Stockholders may* vote in person at the said Meeting or may appoint another person whether a member of the Company or not as their proxy to attend and vote in their stead.

In the case of joint holders, the vote of the senior who tenders the vote *whether by tender or by proxy* will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

It is requested that forms appointing proxies be lodged:
(i) in the case of holders registered on the principal register of the *Company*, with the English Registrars Harrison and Crosfield Plc, 1-4, Great Tower Street, London EC3R 5AB, England, and
(ii) in the case of holders registered on the Malaysian register of the *Company*, with Harrison Malaysian Plantations, Berhad, 5th to 9th Floor, Komplex Kewangan, Jalan Raja Chulan, Kuala Lumpur, Malaysia.

In all cases proxies should be lodged not later than 10.30 a.m. Kuala Lumpur, Malaysia time (3.30 a.m., London time) on 17th November 1984. If forms *are not so lodged they may be handed* to the Chairman of the said Meeting.

By the said Order the Court has appointed Dato' Yahya bin Ismail or failing him Yeoh Sock Ping or failing him Dato' Yeoh Tiong Lay to act as Chairman of the said Meeting and has directed the Chairman to report the *result thereof to the Court*.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated the 23rd day of October 1984.
CLIFFORD-TURNER,
Blackfriars House,
19, New Bridge Street,
London EC4V 6BY.
Solicitors for the Company.

Company Notices

BRITANNIA GROUP OF UNIT TRUSTS LIMITED

SCHEME OF AMALGAMATION—BRITANNIA GROWTH TRUST, BRITANNIA SHIELD TRUST, BRITANNIA CAPITAL ACCUMULATOR TRUST AND NELSTAR INTERNATIONAL TRUST WITH BRITANNIA INTERNATIONAL GROWTH TRUST

As a result of the passing of Extraordinary Resolutions by the Unitholders of all the above Trusts, the Scheme became effective on 16 October, 1984. As a result of the Scheme:
(1) The Unit price of "International Growth" was subdivided by 4 on 15 October, 1984, by the issue of 3 additional units for each unit held on that date.
(2) The basis of exchange in terms of the subdivided unit of International Growth is as follows:
1 "Growth" unit = 6.50982 International Growth units
1 "Shield" unit = 3.44861 International Growth units
1 "Capital Accumulator" unit = 5.27027 International Growth units
1 "Nelstar International" unit = 4.03104 International Growth units
Replacement certificates for all unitholders will be dispatched to reach them on 15 December, 1984.

Art Galleries

FIELDBORNE GALLERIES, 63, Queens Grove, NW8. 01-586 3600. GEOFF OGDEN 20 years of Paintings.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572. PAINTINGS, WATERCOLOURS AND DRAWINGS BY NIGEL WALMOUTH, 4th October-3rd November. Mon.-Fri. 10-5, Sats. 10-12.30.

THACKERAY GALLERY, 18, Thackeray St., W8. 01-937 5883. WILLIAM PEASCOD—Paintings: Homage to Mountains. Until 9 Nov.

delft
(the netherlands)
36th antique dealers fair
museum het prinsenhof
special:
antique lace
from the collection "het kantsalet"
Oct. 17th - Nov. 4th.
10.00 a.m. to 5.00 p.m.
on sundays from 1.00 p.m. to 5.00 p.m.
and also
tue - and thu. evenings from 7.00 p.m. to 10.00 p.m.

Contracts and Tenders

THE GOVERNMENT OF THE STATE BAHIA/BRASIL

SECRETARIAT FOR SANITATION AND HYDRIC RESOURCES COMPANHIA DE DESENVOLVIMENTO DO VALE DO PARAGUAÇU
— DESENVALE —

TENDER NOTICE

INTERNATIONAL INVITATION OF BIDS No. 005/84

1. Companhia de Desenvolvimento do Vale do Paraguaçu — DESENVALE, renders public for the cognisance of interested parties that there will be an International Bidding for the construction of the Clean Water Main starting at ETA Governador João Durval at Cova de Defunto, County of Candeias, *until the district of Valéria — Salvador. The bids* will be received by the Tender Committee at 3 o'clock pm on 9.1.85, at its head office at Avenida Magalhães No. 3840, Edificio Capemi, 7th floor, Salvador/Bahia. The contracting of this work will be financed from resources of Loan Contract No. 137/IC-BR entered into the Banco Interamericano de Desenvolvimento — BID. This work, which is an integral part of the implantation of Pedra do Cavalo Pipeline System, comprises basically the installation of *carbon steel welded tubing*: partly above ground and partly below ground; internally coated with coal-tar enamel and externally with coal-tar enamel and a chlorinated rubber finishing paint; all in all 3,750 m of 1.80 m diameter; 5,420 m with a diameter of 2.10 m and 12,630 m with a diameter of 2.30 m; inspection services by gammagraphy, supersonic waves and holiday detector; furnishing and assembly of the cathodic protection system; complementary land clearing services, earth moving; foundations; drainage and reurbanising and *protection services*.
2. Participation is open to engineering and construction firms, be they Brazilian or foreign, nationals of any of the BID member countries, with a tradition in construction work similar to the one mentioned in this Notice and having a fully paid capital stock equal to or above Cr$10,000,000,000 (ten billion Cruzeiros).
3. The parties interested in placing bids may obtain more detailed information as well as acquire *the Notice and its Annexes* at DESENVALE'S Tender Sector, same address as above, by means of payment of Cr$2,000,000 (two million Cruzeiros), not subject to reimbursement, made in currency or certified cheque in the name of DESENVALE.

Salvador/BA-Brazil, October, 1984

THE BOARD OF DIRECTORS

JOÃO DURVAL

Business Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

LIGHT ENGINEERING COMPANY

serving the electrical industry

with its own well established range of products and supporting sales force and a turnover in excess of £3,000,000 is interested in finding a partner engaged in a similar or allied field with a view to reducing manufacturing and sales costs.

Write Box F5287, Financial Times, 10 Cannon Street, London, EC4P 4BY

LICENSED DEPOSIT-TAKING INSTITUTION

has been instructed by substantial overseas Banking Corporation to seek to purchase Licensed Deposit-Taking Institution

Write Box F5274, Financial Times 10 Cannon Street, London EC4P 4BY

INVESTMENT OPPORTUNITY IN FASTEST GROWING SECTOR OF HOME IMPROVEMENT MARKET

Company specialising in manufacture of uPVC window replacement selling to the trade seeks investment for expansion. Company profitable from commencement and well established. As a qualifying company, investment invited under the provisions of the Business Expansion Scheme.

For details apply Box F5272 Financial Times, 10 Cannon Street, London EC4P 4BY

I WANT TO ASSOCIATE MYSELF WITH AN EXISTING SET-UP

Where I can use my considerable experience in debt collecting and administration of hire purchase/rental contracts.

I can invest some £10,000-£20,000 which I would expect to be matched.

Replies will be treated in strict confidence. Write Box F5276 Financial Times, 10 Cannon Street, London EC4P 4BY

Finance and Marketing Consultants

Funds and marketing expertise available for business expansion, new ventures, property refinancing, overdrafts, new products.

Tel: 0734 698666

MANUFACTURING AND ASSEMBLY CAPACITY AVAILABLE

A West Country firm of precision engineers and part of a successful group has capacity to manufacture, either under licence or as a subcontractor, complex special purpose high-speed machines associated with the packaging or allied industries under a long term arrangement. The company has extensive experience and a highly skilled work force. Interested parties should apply in confidence to:

The Managing Director Box F5282, Financial Times 10 Cannon Street, EC4P 4BY

SALE AND LEASEBACK SITUATIONS REQUIRED

To assist you or your clients growth plans, we are looking to acquire and leaseback offices, shop and industrial premises, all propositions considered. Agents retained and fees paid where necessary.

Details to:

AMBROSE INVESTMENTS LTD
3 Kingston Gardens
Manchester Road
Hyde, Cheshire
SK14 2DB
Tel: 061-320 7612

100% I.B.A. UNITS

£90,000 - £½m+
1,100 sq. ft. each

Prime location, close Heathrow and major routes. Guaranteed lets. ACT before it's too late

Write Box F5284, Financial Times 10 Cannon Street, EC4P 4BY

EXCITING FRANCHISE

Franchise regional magazine title. Package includes comprehensive market research, promotion material, editorial content. Competitive production facilities

Write Box F5283, Financial Times 10 Cannon Street, EC4P 4BY

URGENTLY REQUIRED

LICENSED DEALERSHIP IN SECURITIES OR N.A.S.I.M. LICENCE

Premium will be paid

Ring: Golding Bates & Co Chartered Accountants 01-518 0321/5 Ref: SH

OPPORTUNITY TO INVEST IN PRIVATE PRE-PREPARATORY SCHOOL

Well positioned in Surrey suburb with adequate freehold land and pleasant buildings. This profitable school provides a sound first education for up to 100 boys and girls aged 3 to 9 years. Offers for land, buildings and goodwill from bona fide educationalists or managers of educational trusts in the region of £150,000 welcome to:

Box F5288, Financial Times 10 Cannon Street, EC4P 4BY

KITCHEN MANUFACTURER

British kitchen manufacturer with surplus manufacturing capacity seeks contact with wholesalers/retailers, to produce their own brand range.

Write Box F5286, Financial Times 10 Cannon Street, EC4P 4BY

BREDA HOLLAND

UK company has 2 adjacent warehouses, each 420 m^2, available for rent at £6,000/year per unit. Ideally situated between Antwerp and Rotterdam. Co-operation in regard to distribution is a possibility.

GRAMOS CHEMICALS INT. LTD.
Dundas Lane, Portsmouth
Tel: 0705 667421

CONTRACT CLEANING CO.—Small growing company looking for finance up to £150,000 or will consider smaller investors. 01-546 7948.

TRAVEL. Fee participation in fully licensed S.W.1 agency offered to company with £250,000 p.a. min. travel a/c. Write Box F.5249, Financial Times, 10, Cannon Street, London EC4P 4BY.

VILLA COMPANY

Expanding upmarket villa rental company, well established in northern Spain, seeks merger or association with similar organisation with European operation

Telephone 01-636 7085
Quoting Ref: MAL

GARDEN NURSERY CENTRE

SITUATED IN THE WEST COUNTRY

Has just gained full planning consent to sell all items appertaining to gardening, requires one of the following

1) Partner and Manager with money to invest and run the business
2) Investor to finance project with employed Manager
3) Would consider outright sale of Nursery

This is a most beautiful site with substantial potential to be exploited, the extent of which will depend on the amount of money invested.

The project could be geared to the money made available which could range from £100,000 to £250,000.

Write Box F.5280, Financial Times, 10, Cannon Street, London EC4P 4BY.

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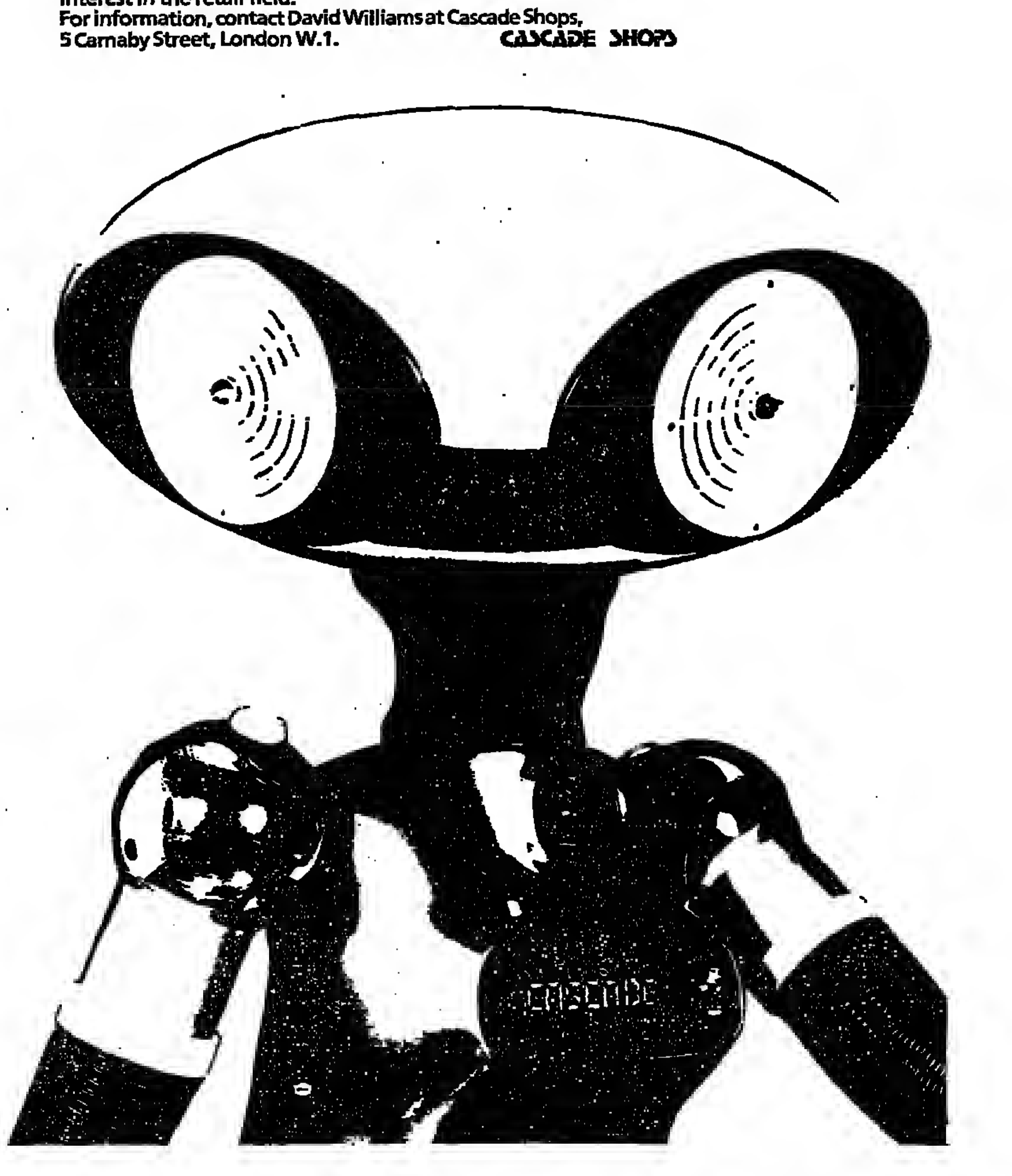

Obituary: Francois Truffaut

Nigel Andrews

FRANCOIS TRUFFAUT, 52, who died on Sunday, was the film-maker most closely and continuously identified with that historic surge of national creative energy, the French New Wave. Unlike Chabrol and Godard, who after early glories have each dropped for long periods from the public consciousness, Truffaut has seldom let a year go by without turning out a feature film that has toured the world.

He told me once in an interview, in words that were to prove sadly prophetic: "I like the excitement of working and I'm always a little ahead of myself in terms of projects planned. I like to keep working as long as I have health. I know so many film-makers who have had to stop working through ill health and they always regret they did not make this or that film, realise this or that project."

Few would dispute that Truffaut's prolific output included the mediocre as well as the marvellous. From his very earliest films—the short feature *Les Mistons* which made him famous in France, and the full feature *Les Quatre Cent Coups* which made him famous everywhere—there was struggle in his work between Truffaut the trailblazer of new styles and Truffaut the almost sentimental traditionalist. Once Truffaut fell in love with a character, as with Antoine Doinel his *Quatre Cent Coups* hero who went on to feature in four sequels (each time played by Jean-Pierre Leaud), the love became blind and the films suffered as a result.

Energy and imagination were sacrificed to an almost soap-operatic orthodoxy of humour and sentiment.

But every three or four years there was the thrilling experience of Truffaut being born again; rediscovering both cinema and himself in films of beauty, vitality and a uniquely brusque wit like *L'Enfant Sauvage*, *La Nuit Americaine* and, most exhilaratingly, his very last film *Vivement, Dimanche (Finally, Sunday)*, which many (including me) considered his best film since his New Wave heyday. Here, as in *Les Quatre Cent Coups* and *Jules et Jim*, Truffaut was the heretic of old who delighted in cutting narrative corners, who could be shamelessly romantic without succumbing to schmaltz, and for whom the Hollywood B-movie thriller could be as rich an inspiration source as any bulky literary classic. Indeed, ponderous movie versions of "great novels"—a feature of early-post-war French cinema—were one of the things he most famously inveighed against as a young critic.

"What I hated in the 1950s," he told me, "were films that took great novels — *La Chartreuse de Parme*, *Le Rouge et le Noir* — and made banal, simplified films, films with no visual imagination."

Truffaut's delicate but never debilitated sense of wonder at the world was caught by Steven Spielberg in *Close Encounters of the Third Kind*, where he cast the director in a leading role as a space scientist who was also a kind of holy innocent. That wonder was also evident in his love of Hitchcock, Hollywood's great director of the everyday-surreal to whom Truffaut paid tribute in his own spy thrillers, *La Mariée Etait En Noir* and *La Sirène du Mississippi*. But it was equally present in his love for his other idol, Jean Renoir, French cinema's — greatest humanist.

At his best Truffaut achieved this synthesis, giving us some of the wittiest, most compact *comédies humaines* of modern cinema. And even at his worst his films had flashes of mischievous brightness and invention that made the arrival of each new Truffaut movie always an event rather than a routine. He will be much missed.

London Galleries/William Packer

Dada and Constructivist Links

THE OPENING of the George Stubbs Exhibition at the Tate dominates the week, as it would the season were it not for the Matisse Show already in full stride at the Hayward Gallery, and the Dutch pictures with a month still to run at Burlington House. But this latest treat, important, magnificent and extraordinary as it undoubtedly is, must wait its turn upon this page: my colleague, Sir Roy Strong, is to review it in due course.

There is as much else going on now as ever; and perhaps the most important of all, which in a public gallery would have commanded the widest attention, is "Dada—Constructivism" at Annely Juda Fine Art (11 Tottenham Mews, W1 — until December 15).

This is the latest in a remarkable series of scholarly exhibitions that began in the early 70s. Mrs Juda has explored and illuminated constructivist abstraction as it first developed in the early decades of this century, and subsequently ramified, diverged, and spread its insidiously potent influence.

Dada has always been recognised as the imaginative source not only of surrealism, but of so much that has come later in conceptual, performance, free-ranging and psychological art.

What is especially important about this particular show is that it airs properly for the first time that I can remember in this country the distinct possibility that, far from being worlds of art apart, Dada and Constructivism were in fact separate functions of a single, more universal modernist preoccupation and sensibility.

It is an exercise that is glossed in its subtitle as "The Janus Face of the Twenties" which could hardly be more apropos, for indeed the more deeply we look into it, the less singular does that face become. Here is a constructivism, after all, that is often specifically figurative in its reference, with its methods and techniques serving openly surrealist ends, or even sometimes an extreme Dadaist polemic.

The artists are those we would expect to find under so copious an umbrella, but the particular context is often surprising and always intriguing: Schwitters, Klee, early Ernst, Leger, Picabia, de Chirico, Grosz, Hugnet, Hausmann, Ermilov, Moholy Nagy, Klucis—collage upon collage, which more than any other was the characteristic medium—van Doesberg, Vantongerloo, Picasso at his most quietly abstract, Hannah Hoch with strange, portentous still life.

The Contemporary Art Society (CAS) is in the strange case of being just a little older than Dada, and in its 74 years has tried many things to raise money from its membership or whatever, to buy the work of living artists to present to its subscribing museums and public collections. The latest scheme is as admirable as it is simple and affords the public a brief chance to browse through a mass of work by well over 100 of our working artists: painters, sculptors and printmakers, the as-yet-obscure alongside the very well-known indeed—such artists as Berg, Caro, Irvin, Prunella Clough, Gillian Ayres and Bridget Riley and such newer names as Graham Crowley, Mikey Guddihy, Thérèse Oulton, Tricia Gillman, Andrej Jackowski.

The Contemporary Art Society Market fills the Five Dials Gallery, at 33 Shelton Street in Covent Garden, from October 24-27, from 11 am until 9 pm, and on Saturday from 10 am until 10 pm. The intention is to reach a public that has never considered itself, or perhaps has thought itself unqualified, to be a natural collector and patron of modern art.

All the artists are showing at the special invitation of the CAS, the only rules being that no work should cost more than £500, nor measure more than 3 feet in its largest dimension. (Most things will be far less than that in both respects, which should suit equally well the private pocket and domestic convenience.)

But whether you buy or not, the society would count its effort well made if your curiosity was tickled, and you found that the gallery habit had taken hold. For those looking at other galleries, I can recommend other exhibitions.

Graham Crowley, for example, is now sharing a show of new paintings with his sometime contemporary at the Royal College, Stephen Farthing, at Edward Totah in Old Burlington Street. Their drawings are at Ann Berthoud, in Langley Court off Long Acre. Both are still in their early thirties, both of them wild fantasists of sorts upon the theme of the once-safe domestic interior, both of them fast rising stars.

Around the corner, at Odette Gilbert in Cork Street, Oliver Bevan, another contemporary marketeer, is showing recent paintings, drawings and prints. He has been preoccupied this last year or two with the urban landscape around his studio off Farringdon Road, in particular the high view from his window. As his familiarity with his material has grown, so has the freedom and confidence with which he treats it. The large monotypes are lovely things.

At the Fieldbourne Gallery in St John's Wood (until November 9) is a small retrospective show of the work of Geoff Ogden, a painter who lives in furthest Cornwall and whose subject is for the most part the high open moors and sunken tracks of that ancient landscape. He paints still life too, and his immediate domestic surroundings, and he treats it all with a direct, unaffected and contained expressionism. Most of the work is fairly recent, and it is in the landscapes that we see him at his best, and in the smaller, freer studies at that.

He is a touching and pertinent observer, close to his subject, and it is hard to think of anyone working now who catches quite so well the spirit of that very special corner of England. He is little known beyond a loyal coterie of supporters, which is considerably less than his due.

Lady and Pelican—oil on aluminium, by Neil Jeffries. £350 from Contemporary Art Society Market.

Carmen, Covent Garden

Rodney Milnes

THREE ARTISTS combined to make the 456th performance of Bizet's opera in Bow Street anything but a routine revival: Indeed, musically this was one of the most distinguished performances of the piece that I can remember. From the very opening it was plain that Jacques Delacote's reading of the score (unadulterated Choudens with minimal dialogue) *was going* to be aggressively French: a fast, swaggering, elegant march followed by a "Fate" motif blessedly free from either Teutonic heavy breathing or *verismo* exaggeration.

On these excellent principles the opera unfolded, fleet of tempo yet never unfeeling, phrased with natural musicianship, and with an ear finely tuned to the ever-inventive instrumental colour. There was a price to be paid in that not everyone was prepared for such dash, and there were many moments of ragged ensemble.

The Carmen in question, Teresa Berganza, was singing the role for the first time at Covent Garden (and, please, not the last). The verb is *significant*: it is years since we have heard the part so bewitchingly sung, phrased with such musicianship and enunciated with such wit—*Carmen* is, after all, a comedy. In firmer voice and much more inside the role than when she first sang it at Edinburgh seven years ago, Miss Berganza may lack the heroic tone for one or two phrases in the finale, but the dividends in matters of understanding and dramatic style (not a hip swung, not a tooth bared) are incalculable. This was a *triumphant return*.

Valerie Masterton, still just about the best "French" soprano around, sang Micaela with enviable ease, her enunciation as crisp as her shaping of the lines was beguiling. If the rest of the cast failed to reach such heights, it was at least even, with a vocally solid Escamillo from Giorgio Zancanaro. Only José Carreras (José) stood out, acting gracelessly until the finale and rather rudely drowning both his leading ladies in duet.

Love Bites/ Derby Playhouse

Michael Coveney

NOT TO be confused with a play of the same title at the ICA a few years ago, this enterprising commission by the Derby Playhouse allows Anthony Minghella to continue his deft and loving documentation of his Italian origins, his English background and, specifically in this piece, of that special dynastic grip on the ice-cream and catering trades exercised by the post-war Anglo-Italians in Britain. Here is, then, a dramatic paradigm of Rossi's or of the Forte family, or of countless restauranteurs like London's Bertorelli's.

Mr Minghella hails from such a family, and whereas at Hampstead in his last play, *A Little Like Drowning*, he concentrated on emotional family tensions in a snapshot format, he here tries something more technically adventurous. For reasons mainly to do with a disappointingly lacklustre production by Christopher Honer, the play does not quite come off as possibly it should.

Split into two brutally contrasted halves, it simultaneously focuses on Italian Catholic patriarchy and the growth of the family business. The one eventually threatens the stability of other, for the initial struggle of the Valvoresi brothers in war-time England leaps, in the interval, straight to domestic turmoil in a numbingly impersonal contemporary hotel where the clan gathers to see Papa Angelo installed as the ice-cream president among his peers.

The trouble is that it is difficult to recognise the same characters 40 years on. In some instances this is quite obviously the point: the svelte Dolores (Niki Kay) in seamed stockings and bunched, bobbed hair-do is transformed, several children and decades later, into the imperiously plump and domineering *materfamilias* of Veronica Clifford, more Jewish than Mediterranean, I felt.

But in others there is simply no connection, apparent or ironic, at all. Garry Cooper's mumbled, fidgety Angelo becomes Richard Mayes's haltingly expansive president in a black tie and ochre sash.

What Mr Cooper does convey is the streetwise surliness of the immigrant worker, whereas Mr Mayes, although convincingly, gleamingly top dog, does not seem remotely Italian. This same reservation applies to other worthy senior actors in the second act, especially to David Blake Kelly as the aged Cesare who gave the Valvoresi brothers their first break but who now diagnoses a return to their roots. He sounds like a phoney travel agent, not a cry from the womb.

The first act features a beautiful white ice-cream van, an Austin perhaps, soundtrack reminiscences with Vera Lynn et al, racist bigotry, Catholic guilt and a garage conflagration. All that is needed is a sharp injection of pace, a smartening up of the lighting plot, and a quicker manipulation of Belinda Ackermann's two big scenic trucks. The stage, as yet, doesn't buzz.

In the hotel, the domestic shenanigans come a little thick and fast for total credibility, but there are some very strong moments, notably when old Angelo wildly assaults his son Gus (Mr Cooper again) when he discovers him with a girl as Gus's wife is about to give birth in hospital. Old enmities, as well as newer ones, are healed after a strikingly disruptive image: samples for the ice-cream competition are thrown to the floor in a melting gesture of comic relief, on which note ends a promising play.

Sibling rivalry: Bruno (Michael Gunn) and Angelo (Gary Cooper) discuss who will take over the ice-cream round.

The Everly Brothers, Wembley Arena

Antony Thorncroft

A YEAR AGO the Everly Brothers were commercially born again at an Albert Hall concert which had even the "jobsworths" jiving. Now they are back to give thanks, with a new album, released yesterday, and a single riding the charts. But for the audience there is a price to pay. Success in pop means playing Wembley Arena, as unappealing a fixture for the spectator as Tranmere versus Hartlepool on a wet Wednesday in November.

From what I could see on the other side of the Grand Canyon the lads looked spruce and well in their black tuxedos, and once again they had surrounded themselves with a really excellent rock band. Don Everly does the talking—"I'm still the oldest. Phil sings the high part and deservedly so"—but wisely at Wembley made little attempt to communicate with words.

Instead, there was an hour or so of some of the finest pop songs ever, and how well the Everlys perform them. If anything, the close harmony is more telling than a generation ago for their voices have firmed and deepened. The new songs may appeal in time but thankfully in the main it was every Everly Brothers song you ever half-forgot.

The sad love songs—"Love hurts"; "Love is strange"; "I'll do my crying in the rain"—are the most effective, not just because of the plaintiveness of the harmony but because they symbolise a *partnership* between the brothers which has been riddled with disharmony and anguish. The love that hurts could easily be sibling rivalry.

But the Everly Brothers also have some up-beat numbers full of the innocence and fun of the late '50s, songs with "Wake up little Susie," and "Bird Dog." They also end with a rock and roll encore just to show where their hearts are.

Few artists can win at Wembley. The Everlys managed it, and as they age gracefully with their audience (which looked younger than you might imagine) there should be a regular demand for such a nostalgic repertoire. "Let it be me"; "When will I be loved"; "Dream": The Everly titles are the songs for every generation.

Northern Arts aids budding dramatists

Northern Arts is offering ten free places on a special residential course on television drama, tutored by two of the small screen's most established writers. The course is to be held at the Arvon Foundation in West Yorkshire, one of the country's leading centres for writing courses, from November 15 to November 20.

The course tutors are Anthony Minghella, author of the plays *"Whale Music," "A Little Like Drowning"* (currently at the Hampstead Theatre) and several episodes of the *"Maybury"* series on BBC2, and Peter Flannery, who recently had a successful Royal Shakespeare Company debut with *"Our Friends in the North,"* a play he is now adapting for BBC television.

Refuting Marshall McLuhan/Broadway

Frank Lipsius

IT WAS a long time coming, and more by accident than design, but Broadway seems intent suddenly on refuting Marshall McLuhan with several plays proving that the medium is *not* the message. McLuhan himself could have tested the premise that Rostand found wanting in *Cyrano de Bergerac*, but not in the spirited and well-received style of the Royal Shakespeare Company production now playing in repertory with *Much Ado About Nothing*.

Last season, despite excellent notices, the RSC's production of *All's Well That Ends Well* set in the first world war closed early. By redoubling their efforts with two plays done in repertory, they are taking a bigger gamble, but so far have gained the kudos and publicity of a media event that has been filling houses at the large Gershwin Theatre. If the cavernous space leaves little room for intimacy, Terry Hand's production manages to convey the aura of opera, in contrast to the Circle Repertory's *Love's Labour's Lost*, which loses the value of its small theatre by stuffing the production full of cluttered images, costumes, tunes, and sports.

The medium that is not the message in *Ma Rainey's Black Bottom*, August Wilson's new play at the Cort, deals with the behind-the-scenes discord that surrounds a 1927 recording session for an ebullient "race" song. This is one of those scripts, more familiar to film than theatre, where a song is incessantly interrupted after a few bars to save the whole rendition for the climax.

Besides being contrived, the device is annoying for slighting the play's best asset, the magnificently large and expressive Ma Rainey, as played by Theresa Merritt.

Instead, the playwright is allowed to indulge in protracted tedious stories the musicians tell each other in the seedy downstairs dressing room while waiting for Ma's arrival.

Rudyard Kipling insisted that his words be all the message that he convey to posterity, but Brian Clark's *Kipling* includes the offputting remarks and insistence on privacy to show just what a testy character Kipling was.

Year ahead for National Theatre

Over the next year the National Theatre is to divide *its activities* between five production groups, each 20 to 25 actors strong, which will each perform a minimum of three plays, one in each theatre, a year.

One group will be headed by Richard Eyre and David Hare; another by Ian McKellen and Edward Petherbridge, and a third by Peter Wood. The two groups already in operation, led by Peter Hall and Bill Bryden will continue.

For the other two National Theatre directors, Michael Bogdanov will direct special breakaway projects and tours while Peter Gill will head the National Theatre Studio, in the Old Vic Annexe, which will concentrate on training and new writing.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 19–25

Opera and Ballet

WEST GERMANY

Frankfurt, Opera: Der Freischütz has Walter Raffeiner excelling in the part of Max. Capriccio is worth a visit with Helena Döse and Ilse Gramatzki in the main parts. Fidelio has guest singer Ingrid Haubold as Leonore and Klaus König as Florestan. There was much applause for Cheryl Lichter as Queen of the Night in The Magic Flute. (25621).

Berlin, Deutsche Oper: Tosca has Pilar Lorengar in the title role. Jenufa is conducted by Vaclav Neumann and has Garbriela Benackova making her Berlin debut in the title role. La Traviata is sung in Italian. Don Carlos is a Gustav-Rudolf-Sellner production. (34381).

Hamburg, Staatsoper: Madame Butterfly has fine interpretations by Yoko Watanabe and Juan Lloveras in the main parts. Der Freischütz, produced by Götz Friedrich, has Robert Schunk brilliant in the part of Max. Zar und Zimmermann rounds off the week. (351151).

LONDON

English National Opera, Coliseum: Arabella returns with the idiosyncratic but wonderfully intelligent Josephine Barstow taking the title role; the rest of the cast is, unlike its heroine, mainly new – Neil Howlett as Mandryka, Nan Christie, Anne Collins and Dennis Wicks. Mark Elder conducts. Further performances of the Manon revival, and of the unroutined, irritating, thought-provoking new production of Madam Butterfly, with Janice Cairns in the title role. (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet returns with an Ashton gala honouring the choreographer's 80th year (Tue). On Wednesday David Wall makes his farewell to the stage in Myerling, a magnificent ballet in which he is magnificent.

PARIS

Domenico Cimarosa's Il Matrimonio Segreto conducted by Cyril Diederich in Cologne Opera's production at the Opéra Comique (296.06.11)

Groupe Émile Dubois dances Ivan Vaffan's adventures in Jean-Claude Gallota's choreography full of warriors, flags, suspense, humour and eroticism. It is followed by Compagnie Chopinot's Via, with the unstoppable, beautiful Regine Chopinot as dancer and choreographer at the Théatre de la Ville (274.22.77).

NEW YORK

Metropolitan Opera (Opera House): The season's first La Bohème is performed this week in the local conducting premiere of Placido Domingo, as well as Jean-Pierre Ponelle's new production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel; James Levine conducting August Everding and Ming Cho Lee's production of Lohengrin with sopranos Anna Tomowa-Sintow and Eva Marton; Nello Santi conducting Rigoletto; Neeme Jarvi conducting Eugene Onegin and Julius Rudel conducting Otto Schenk's production of Les Contes d'Hoffmann. Lincoln Center (362 6000).

New York City Opera (New York State Theater): The week features performances of Frank Corsaro's production of La Traviata conducted by Klaus Weise; The Magic Flute, Mefistofele, Carmen and Cavalleria Rusticana / Pagliacci. Lincoln Center (870 5570).

VIENNA

Staatsoper (5324/2655): The bartered Bride; La Traviata with Gruberova; Lulu with Fassbänder, Adam and Hotter; The Magic Flute with Mathis, Rysanek, and the Vienna Boys Choir.

Volksoper (5324/2657): Vienna Blood, The Merry Wives of Windsor.

ITALY

Venice: Gran Teatro la Fenice: Orfeo ed Euridice by Gluck, conducted by Gabriele Ferro with scenery and costumes by Pasquale Grossi and choreography by Jorma Uotinen. (25.191).

CHICAGO

Lyric Opera (Civic Opera): The company's 30th season opens with Eugene Onegin conducted by Bruno Bartoletti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production; and Willy Decker's production of Arabella with Kiri Te Kanawa in her local debut and Ingvar Wixell as Mandryka, conducted by John Pritchard. (332 2244).

NETHERLANDS

Amsterdam, Carre Theatre. All week (except Mon) the extremely successful revival of the National Ballet presentation of Romeo and Juliet, choreographed by Rudi van Dantzig and with decor by Toer van Schayk. In the title roles Jeanette Vondersaar and Lindsay Fisher / Alexandra Radius and Henny Jurriens / Katalene Borsboom and Fred Berlips. Sun and Wed are matinee performances. Advisable to book. (225225).

Netherlands Opera. Verdi's Sicilian Vespers at the Stadsschouwburg in Amsterdam (242311) with the Amsterdam Philharmonic under Cristian Barda and soloists led by Cristian Deuberom. On Tuesday the premiere of Jommelli's La Schiava Liberata at the Stadsshouwburg in Utrecht (310241), repeated Thur at the Circustheater in Scheveningen (558800).

TOKYO

Kodo (traditional Japanese dance and drums) in their first large-scale series of performances on home ground after successes abroad. Dynamic and visually-appealing group. Theatre Apple, Shinjuku. (Tue, Wed, Thur). (237 9999).

American Ballet Theatre: Gala concert. Choreography: Mikhail Baryshnikov; Dancers: Fernando Bujones, Patric Bissell, Susan Jaffe, Marianna Tcherkassky and others. NHK Hall. (Thur). (723 2356).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday October 23 1984

Papandreou's risky ride

MR ANDREAS PAPANDREOU made use of the third anniversary of his coming to power in Athens to deliver one of his recurrent rhetorical swipes at the U.S.

America, the Greak Prime Minisler said last week, was playing favouriles with Turkey and thereby undermining Greek rigbts in ibe Aegean.

It la a line tbat bas become familiar, though It contrasts strangety with ihe deeds of the Papandreou Government at key points of its relationship with the U.S. and with Nato. After much huffing and puffing, Athens did reach an agreement with Wasbington to permit the continued existence of U.S. bases in Greece. More recently, in Seplember, Athens agreed io provide a base for an Awacs Reconnaissance aircraft to survey aircraft movements on Nato's south-eastern flank.

Indiscretions

As against that, Greece bas repeatedly refused to take part in Nato exercisea because of its quarrels with Turkey, a neighbour and fellow-member of tbe atliance. Frequent verbal slights may have proved even more irritating to the Americans.

For instance, Mr Papandreou has alleged tbat the Korean airliner shot down last year by a Soviet fighter was on a spying mission for the U.S. He has departed from Nato policy by supporting proposats for a nuclear-free zone in the Balkans, though without doing much about It. Mr Papandreou says be is following a mulri-dimensional foreign policy. Il will be interesting to see wbelber any more multi-dimensional indiscretions emerge during his visit to Warsaw this week.

Reasons for these inconsistencies are not hard to find. Mr Papandreou musl know that he cannot afford to drive the Americans inlo Ankara's arms if he is to safeguard the Greek position in the Aegean and also in Cyprus. The alternative of staking all on an understanding with Moscow is utterly unrealistic: It would leave him and Greece a prisoner of the Greek Communist party and, ultimately, of tbe Soviet Unlon.

On the other hand, anti-Americanism is widespread among the Greek left. It goes back to the bitter civil war after World War Two which ended in the total defeat of a Communist insurrection. It was revived by the backing that Washington was thought to be giving to the dictatorship of the Greek colonels between 1968 and 1974.

Add to that the belief, held widely not only on the teft, that Washington cares tess about Greece than about Turkey and its army of 500.000 men, and you have fertile ground for anti-Americanism. Whether Mr Papandreou shares these resentments or not, he evidently feels that he can play upon them, especially at a time when support for Pasok, the socialist party which be leads, is diminishing.

In managing Greek internal affairs, the Pasok Government has taken a step away from left-wing attitudes. Last year it limited the right to strike in the public aector. A month ago Mr Papandreou appointed a Minisler of Commerce, Mr Nikos Akrittides, wbo has sought a dialogue with the business world. The attempt is unlikely to create a cordial relationship, but is moving in the direction of living and letting llve, provided all goes well.

Mr Akrittides would do wetl to follow the advice with which the Organisation for Economic Cooperation and Development concluded its report on the Greek economy published last December. OECD called for the creation of a stable institutional and regulatory climate in which the rules of the game for public and private enterprise were clearly defined. Unlike the French Socialist Party. Pasok did not resort to wholesale nationalisation upon taking power. But there have been repeated cases of intervention in the affairs of private business.

Common sense

If Mr Papandreou Is seriously worried that America will abandon him, political common sense should induce him to tighten the bonds between Greece and Western Europe and, specifically, the European Community. In fact, Mr Papandreou last week did the Community the kindness of saying that he was not at the moment reopening the question of Greek membership in the EEC. Foreign ministries in the other nine Community capltals may have been relieved to hear it. but hardly more than that.

Priorities in job training

HIGH UNEMPLOYMENT and rapid structural change in British industry have given the Manpower Services Commission (MSC) a much more important role than was envisaged when the agency was set up a decade ago. In some respects, the MSC's chairman now occupies a more influential position than many junior ministers. The Gnvernment yesterday announced the appointment of Mr Bryan Nicholson, chief executive of Rank Xerox UK, as new chairman following Mr David Young's elevation to the House of Lords and Cabinet. The skill with which Mr Nicholson deploys the MSC'a staff of 22,000 and budget of £2bn will materially affect ibe catibre of Britain's future workforce.

His task will be to build on the poticies that Lord Young pioneered in his 2½ year stint as MSC chairman. Lord Young rightly steered the MSC away from the formulation of grand manpower strategies towards a narrower and more practical concern with industrial iraining. He presided over the introduction of ihe Youth Training Scheme (YTS) — the UK's first stab at structured vocational training for school leavers — and invented the Technical and Vocational Education Initiative, an attempt to reshape schonl curricula to meet the technical needs of industry. Both initiallves took ripe for further development.

Campaign

There should be no illusions about the scale of the training shortfall that the MSC, industry and Government must seek to redress. Mr Geoffrey Holland, a director of the MSC, recently suggested that between half and three-quarters of the UK workforce will require some type ot retraining over the next five years. A joint report by the National Economic Development Council and the MSC bas demonsrated beyond doubt that total expenditure on training in the UK ls far below the average of other big Industrial nations. Yet the report also shows tbat public expendltura on training in Britain compares favourably with public expenditure elsewhere: the shortfall occurs because British industry ltself has not taken training seriously enough.

The Government is planning a campaign to increase public awarness of the need for training and Mr Nicholson will doubtless bave an important role to play. The MSC is ltself in the process of redesigning its adult training services. In future It will ask employers to specify ln more detail their skill requirements and then devise programmes to meet the market demand. In the past training was more speculative—the unemployed were first equipped with skills and tben sent out to see if employers wanted them. Mr Nichnlson will need to consider whether the MSC is devoting sufficieni resources to adult retraining—wbether a major expansion, as with youth training, ia now necessary.

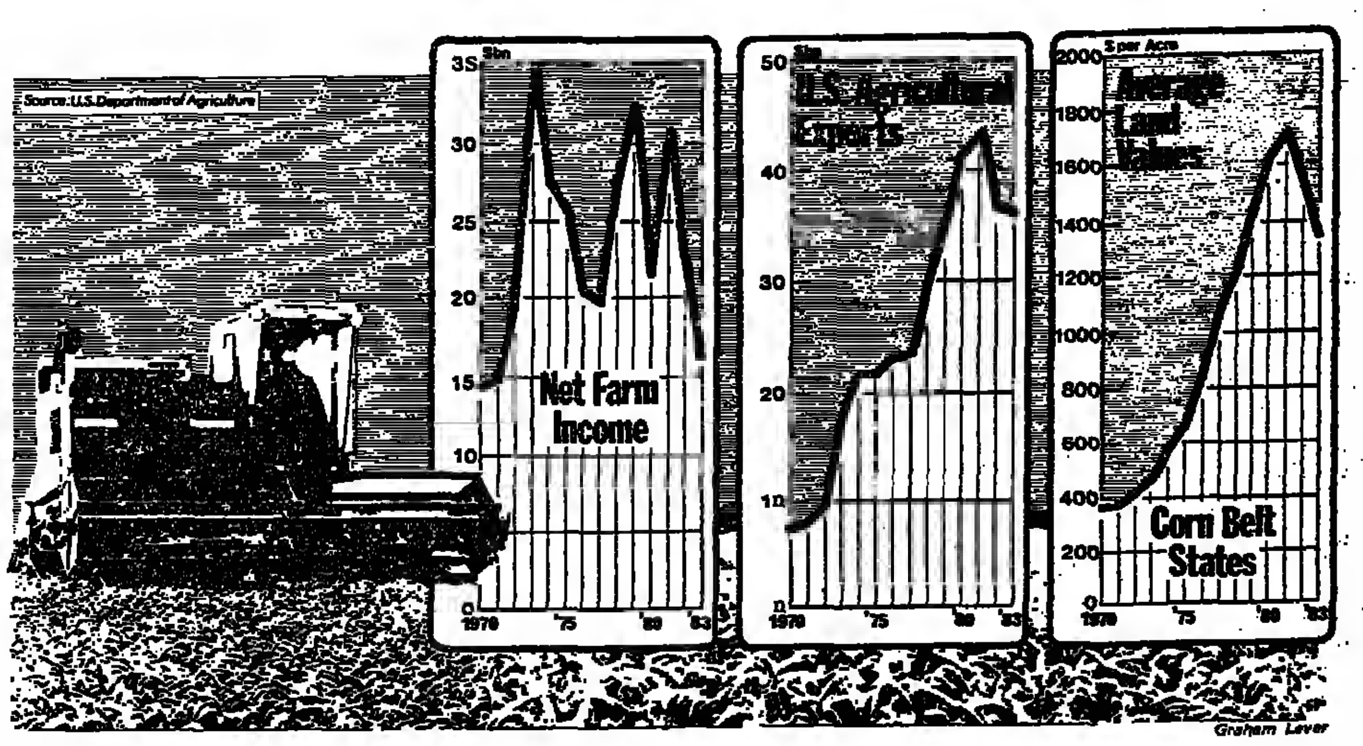
Programme

British Industry's failure to provide sufficient youth training may reflect the fact thal youth pay has tended to be a much higher proportion of aduti pay than in most nther industrial countries. This is partly the result of trade union policies. But there is some evidence that the tide is turning: YTS and earlier schemea are beginning to reduce the cost of hiring youngsters.

There Is a strong case, as a House of Lords selecl committee recently argued, for taking another cautious step towards unlversal vocational training by turning YTS into a two year training programme. In mosl industrial countries few young people under the age of 18 enter the labour force; Britaln need not remain an exception. There la also a case for expanding Lord Young's Technical and Vocational Education Initiative, at present only a pilot scheme.

Yet it would be a mistake to suppose that Britain's training problem can be solved by throwing more public money at it. Certainly the state bas a very important role to play; the creation of the YTS though prompted by the high level of youth unemployment, does seem to have led to genuine tmprovements ln the quality and quantity of training. But one of the MSC's main priorities must be to concince companies that Investment in training is in their own interests. Skill shortages cannot simply be sbuffled off onto the Government; they often reflect shortcomings in the way Industry trains and uses its own employees.

THE U.S. FARM BELT



Graham Lever

Crisis in the richest granary in the world

By Stewart Fleming, recently in Iowa

ON JUNE 7 this year, as required by Iowa state law, the Mount Ayr Record/News, the local newspaper in this liny farming community on the Kansas/Iowa border, printed the names of all the citizens in Ringgold County who had failed to pay their property taxes.

"The list filled five full pages of the paper," says Preston Hayes, the state agricultursl ageot in the district. "There used to be a social sngma aboui not paying, but not any more," he adds.

A few weeks later, the local Tingley State Savinga Bank collapsed, overwhelmed by loan losses of $1m on a deposit base of $17m, much of the money lent to friends and neighbours of the bank's owner, Mr Carl Riggs. Only the urgent intervention of the Federal Deposit Insurance Commission rescued the 2,00 citizens of Mount Ayr from a vicious spiral of collapsing credit which would bave ruined many of them.

Mount Ayr has perhapa bad more than its share of bad luck this year. But as America's farm belt, the richesi granary in the world, suffers its worst economic and social crisis since the Great Depression, Mount Ayr's experiencea are being repeated in dozens of other farm communities and the repercussions are already being felt around the world.

The farm crisis is threatening in the eyes nf many observers io consign the traditional famity farm to the history books. It is changing the structure of the American farming industry, and thus potentially the nrganisation of farming in Europe and the rest of the world. It is reshaping the financial services industry in the Midwest, and it is having a strong influence on the way the Federal Reserve Board is conducting its monetary policy.

The Fed is acutely aware that it is not just the farmers, but also their bankers, especially the hundreda of institutions which have up to 70 per cent of their loans out to teh agricultural sector, who are in deep trouble. "Farm debt is a bigger threat to the stability of the financial system here than all those international loans," says one senior Administration official.

There are already signs ton that the farm debt crisis is a contribntory factor behind the loss of nolitical momentum President Reagan has suffered in the past few weeks in the farm belt. It would be going too far to suggest tbat the Preident's own re-election campaign is in serious trouble in the traditionally conservative and Republican farm communities, although staunch Republicans such as Mr Jack Elliott, a Mount Ayr farmer wbose wife is active nationally in the Republican Party, concedes that in Iowa the race could be much closer than the polls suggest.

What is worrying Republican politicians, however, is that the recent setbacks in the President's poll ratings are indicative of a loss of support in farm districts in key states such as Illinois and Indiana, whicb the democratic challenger Mr Walter Mondale badly needs to win. They believe the setbacks will make it harder for Republicans to carry key Congressional elections.

Nowhere are these concerns more justified than in Iowa where the battle is on for the Senate seat currently held by Senator Roger Jepsen, the Conservative Reagan supporter. Iowa is one of the three or four key Senate races which will determine whether or not the Republican Party will control the Upper House in Washington again in the 99th Congress. In the past few weeks as President Reagan's lead in the Iowa poll bas stumped from 23 points to only eight points, Senator Jepsen has lost his lead over Mr Tom Harkin and is now trailing his Democratic challenger. What seems to be happening is that Democratic farmers and trade unionists who voted for Mr Reagan in 1980 have begun to desert hlm.

The crisis in the farm belt, wbtch, accordingt o a survey by Iowa State University could wipe out 10 per cent of the state'a farmers in 1984 and 1985, bas its origins in the inflationary boom of the 1970s. Strong demand for farm products at home coupled with an unprecedented surge in export demand fuelled in part by Soviet grain purchases boosted net farm income in the U.S. from an average of $10-$10bn in the 1950s and 1960s to $34bn in 1973 and after a dip due to the mid-decade recession to $32.3bn in 1979. Exports came to account for about one-third of harvested acerage as they soared from $6.7bn in 1970 to $40.4bn in 1980.

These boom conditions, coupled with low and negative real interest rates sparked an explosion in land prices, which in some areas quadrupled during the decade.

Today "disinflation" has set in and everything has changed. Land prices in the corn belt which, according to the U.S. Department of Agriculture, quadrupled from $374 an acre in 1970 to $1,717 an acre in 1981, bave since plunged by a quarter to $1,297 an acre in April of 1984, wiping ont the cashion of collateral against which banks had been lending to the farmers — at a time when farm income was plunging, to $16bn in 1983.

In 1981 and 1982 land prices began to fall, th first back-to-back declines since the Great Depression of the 1930s according to the Kansas City Fed. By Aril of this year in the region covered by the Kansas Fed, farm land prices were down on average by one-quarter, wipi ngout the cushion of security on which the banks had lent. High real interest rates as a result of the Federal Reserve'a determined anti-inflation policy were one factor behind the decline. The farmers were also hit by the domestic and international recession, and by the strong dollar, all of which combined to push product prices lower and spark a decline in exports, which slumped to $34bn in 1983.

> The ramifications of the crisis have spread far beyond the Midwest

Farm income is seen to be recovering in 1984, partly as a result of farmers belatedly collecting subsidies under government's costly payment in kind programme. But agricultural economists such as Mr Marvin Duncan at the Kansas City Fed are not expecting the upswing to bale the farm belt out.

His colleague Mr Thomas E. Davis, director of research at the Kansas City Fed, says: "What is happening to the farmers is not significantly different from what is happening with the heavily-indebted daveloping countries." adding that "the bankers are already talking about restructuring debt." According to economists at Iowa State University, the farmers alone have some $218bn of debt outstanding and lt is not just the farmers but also local businessmen, such as farm equipment suppliers, who are being bankrupted by the current crisis.

Mr Randy P. Steig, executive director of the Iowa Bankers Asociation and formerly Deputy State Banking Superintendedt, says that he believes that aboot one-third of farmers are doing well, but that another third are in serious financial difficulty. Mr Duncan of the Kansas City Fed is more optimistic, but he concedes that between 10 and 20 per cent of farmers are financially stretcbed.

Most farm belt states are only just trying to collate data about the precise financial situation of their farmers. Professor Neil Harl, an economist at Iowa State University says that the results of a survey in Iowa show that only 10 per cent of the state's farmers hold 25 per cent of the $17bn of farm debt in Iowa. They all have debt-to-asset ratios of over 70 per cent, be says, and are in imminent peril of collapse. Some 65 per cent of the debt is held bq 28 per cent of the farmers, ha says, adding that surveys in Wisconsin and Minnesota suggest that farmers in these states are even worse off. In the 1960s farm debt was about equal to net farm income, now it is ten times as large as income.

The main explanation for the wide disparities can also be traced back to the 1970s. Those often older and more conservative farmers, who did not go on a borrowing binge and bought their land cheaply years ago, are not burdened with debt. On the contrary, they may be earning high real interest rates in well-padded savings accounts. It is the often younger and more aggressive farmers who borrowed to buy land at inflated prices in the mid and late-1970s who are now suffering the palnful after-effects of disinflation.

It is the interaction between these farmers and their bankers which is the major source of concern however. So far this year in Iowa alone, three banks have failed, not because of chicanery, but simply because they could not absorb the losses on their assets, Mr Steig says. The state is examining the possibility of changing banking law to make it easier for troubled banks to be rescued by competitors. In the Tenth Federal Reserve District, for which the Kansas City Fed is responsible and which covers states ranging from Oklahoma through Coloardo, Kansas and parts of Missouri, bank profits fell by 36 per cent between 1982 and 1983, three times the average for the nation as a whole and loan losses more than doubled and were still rising in 1983.

In some of these states it is a combination of farm losses, and, more seriously, disinflation in the energy sector which la hitting the banks. It was the collapse of Penn Square National Bank in Oklahoma, largely because of excessive energy lending, which almost toppled Continental Illinois National Bank, the giant Chicago lending institution, earlier this year.

BZank supervisors in the farm belt are convinced that It is only the fact tht many of the thousands of small private banks in the region had very healthy copital ratios, counied with tbe safety net for depositors provided by federal deposit insurance which has staved off a more serious banking and financial crisis.

Many bankers are simply not up to the challenge of coping with the debt problems they face and the de-regulation of the financial sector which ls complicating day-to-day management and allowing new com-

The ramifications of the farm debt crisis sperad far beyond the Midwest. Mr Duncan of the Kansas City Fed, for example, estimates that farm equlpment manufacturers such as International Harvester and Massey Ferguson, companies which have only survived this far as a result of the goodwill of their International bankers, bave enough capacity to last them to the end of the decade. Tractor sales alone are down by a half since the peaks in the late 1970s.

There is no doubt either that it is the potential for a domestic debt crisis in the farm belt and not just the continuing problems of international borrowers, which is encouraging the Federal Reserve Board to take whatever opportunities it can, consistent with the fundomental anti-inflationary thrust of monetary policy, to nudge interest rates down.

The larger question, however, is bow government policy will respond to a altuation in the farm belt which is presenting farmers and their auppliers with a structural adjustment challenge no less daunting than the one which declining industries such as the steel industry have been facing.

The huge budget daficit and the unpopularity of government handouts among conservative Republicans help to account for the fact that the Reagan Administration has not come running to the rescue of a voting group which has traditionally been both Rpnblican and one of the biggest recipients of federal largesse.

The White House has hitherto given only a perfunctory nod in the direction of the farmers, and then one which was widely interpreted as politically inspired. Last month, on the same day that Mr Reagan announced new protection from imports for big steel manufacturers (an unpopular decision among farmers who fear retaliation against their exports) he announced a $630m loan programme and a plan to permit some farmers to postpone for five years servicing their debts to the Farmers' Home Administration, a government-sponsored lending agency which bolds about 11 per cent of farm debt.

But, as one senior administration official puts it, the battle is on within the Repuolican Party between those who want a government-sponsored rescue scheme and those who feel that, as far as possible, market forces sbould be left to work. If the latter camp wins, he suggests, farm prices may fall and U.S. farm exports rise more rapidly. "This will simply raise the costs of protection to the European Economic Community," he adds pointedly.

Men and Matters

The Guinnless make their bids

A month of frantic jostling among the leading ad agencies ended yesterday with the announcement of the short list for the coveted Guinnesa advertising account.

Brewer Arthur Guiness is not only the ninth biggest spender in Britiab advertising—between £7m-£8m a year—but the famous ads which bave helped sell its stout over the years have given lts account great prestige in the business.

Tbe company has been deluged with aspiring agencies aince it became known that it was reviewing its domestic account, currently with Aiten Brady Marsb.

ABM, whicb has recently lost the £9m British Rail and £8.5m Wonlworth accounts, took over at Guinness in January 1983 from J. Walter Thompson, whtch bad created the brewer's ads for the previous 13 years.

Brasb ABM, known for such popular selling lines as "the age of the train," "gotta lotta bottle," "wonder of Woollles" and "the listening bank," had put In a year's research on the campaign that featured "the Guinntess."

It arrested the decline in the sales of draught Guinness — but the brewer decided to look at other ideas for the next atage in its advertising.

Allen Brady Marsh, together with two other agencies aready handling Guinness buslness, Ogilvy and Mather, and Grandfieol Rork Colins, are included in the short list.

But lf I were a betting man, my modey would be on one of the three newcomers on the list—Dorlands, Doyle Dana Bernbach and Leagas Delaney.

Tokyo designs

Penetrating the Japanese consumer market with foreign-made goods is a demanding business for which, some would say, only the masochistic need apply. So far, success has been limiled to the designer names such as Gucci and Givenchy, which mainly sell through licensees.

Laura Ashley, of Britain, however, has pulled off a coup under the noses of its more up-market rivals. The group, which bas made a worldwide business of selling floral print dresses, will soon be setting up shop in Tokyo in a joist venture with a major Japanese retailer.

According to Jusco, Laura Ashley's new partner, the deal ts the first of its kind. If the Ginza sbop goes well, a rapid expansion will follow throughoui Japan.

"All the products for the atore will be made tn England, but I think they will be in amaller sizes," says Takuya Okada, Jusco's chairman. Only three per cent of his company's $3.2bn ln sales were from foreign products, but he thinks this will gradually change. "Japanese people like European goods," be says, "and not only the most expensive ones."

Grain of salt

Japan, meanwhile, largely continues to preserve its own way of life. Thia week, it is the country's nationwide Pickles Festivat, the highpoint of which will be the election of a comely 18-20 year old as "Miss Pickles 1984" (The Japanese translation is, if anything, less euphonious. The poor girl witl be acclaimed "Miss Tsukemono.")

Finaliats, wearing their favourite aprons, will parade before a panel of judgea to demonstrate their skill and potse in pulling pickled radisbea, eggplants, cucumbers and carrots from salt-filled barrels, and placing these culinary delights on plates. The winner will receive Y300,000 and a free trip to California.

As a side-show, 100 women will each try to lift a pickling barrel, containing a haavy pickling stone. Those who succeed will be given Y1,000 worth of pickles. Those who fail will be given a consolation prize —a small bag of pickles.

Italian window

Lord Forte and former Tory Minister Sir Hugh Rossi are among those lending support to a fresh attempt to establish an Italian Centre in London.

The idea bas been around for at least 30 years — but this time, it is claimed, there are a number of financial groups in Italy interested in funding such a scbeme, conservatively estimated at £20m.

Luca Clavarino, of the Brenta construction group, and Carlo Colombotti, cbairman of the Italian Hospital in London, are now trying to set up a committee to promote the venture among the various sections of the Italian community in London.

The tentative plan is for a purpose-built centre where Italy's substantial but scattered cultural and commercial offices could be concentrated.

The building, it is suggested, might also include accommodation and conference facilities, wth back-up technical and secretarial servicea for Italian businessmen.

It could be, says Colombotti," a London window for everything made in Italy."

Merchant venture

"I realise we're only lifting a litle bit of the skirt," said Robert Owen, commenting lasi night on tbe scarcity of detail in Lloyds' announcement that it is forming a merchant banking subsidiary. "But everything is at an early stage."

Owen, a mountaineer in his spare time, sbould know quite a lot about scaling new peaks. At 44 he has ben appointed chief executive of the new group which finally brings Lloyds into line with the other clearers—all of whom have merchant banking subsidiaries. The move also positions Lloyds for entry into London'a fast-evolving securities markets.

Owen started life in the Foreign Office, serving in the embassy in Washington and then joining the Treasury on a two-year secondment, before making the transition to the City in 1969 to join Morgan Grenfell.

Ten years later he moved to Lloyds to bead the merchant banking division of Lloyds Bank International, and later direct Far East activities.

With examples like NatWest's County Bank, and Barclay's Merchant Bank to follow, what will Lloyd'a venture look like?

"We don't intend to model ourselves on anybody," says Owen, who describes himself as feling perfectly at ease in a clearing bank group.

Penalty spot

Michael Eaton, the National Coal Board's new peace-maker, did not bava long to wait for helpful suggestions.

Waiting for a turn on TV-am yesterday with Peter McNestry, general secretary of the pit deputies' unlon Nacods, he was surprised and delighted to find himself in the midst of other celebrities waiting their turns —Sophia Loren, Derek Jameson and Jimmy Greaves.

Greaves trotted over to tell Eaton and McNestry that, if he hd his way, be would lock them both jo a room where endless replays of Notts County football games would be shown. They would soon be ready to sign anything to get out, ha said.

Eaton and McNestry are mulling this over; Acas is preparing the videos.

Observer

The Euromarkets

A whole new kind of loan

By Peter Montagnon, Euromarkets Correspondent

HAS THE syndicated credit, which only two years ago was the mainstay of the international capital markets, suddenly become obsolete?

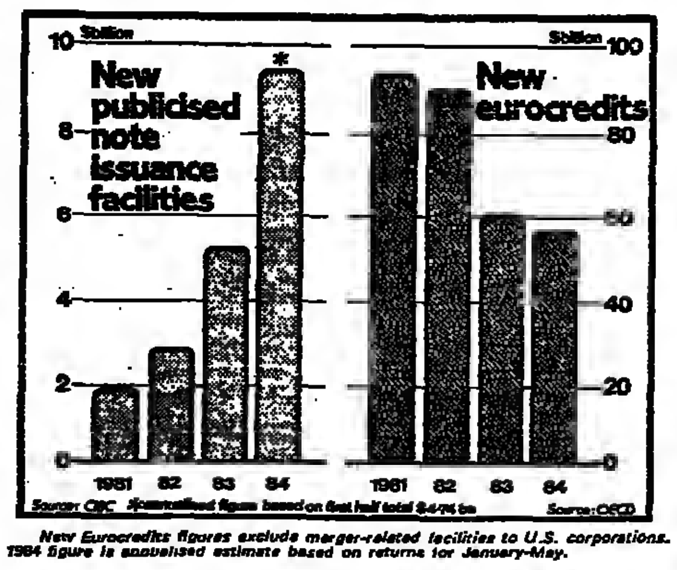
This question is being asked with increasingly nagging insistence by international bankers these days in the face not only of a general decline in syndicated loan business (in which banks combine together to market large credits) but also of evidence that their most prized customers are showing a growing preference for cheaper and more sophisticated forms of borrowing.

One by one borrowers such as Denmark, Sweden, Spain and France have forsaken the syndicated loan market in favour of a new form of borrowing that seems to point to a fundamental change in the way international bank lending is conducted. Variously known to market professionals as NIFS, SNIFS and RUFS, the new borrowing technique is not a loan in the traditional sense. Instead a group of banks band together to underwrite the customer's continuous access over a period of years to low-cost funds in the short-term money markets.

In the process large banks, which used to lend their own money to the borrowers concerned, have become little more than guarantors of credit. The money itself is raised through the continuous sale of negotiable short-term notes in the very market where the banks themselves compete for wholesale funds. The banks only need to step in with actual credit if for any reason the borrower should find itself unable to issue paper in the market on its own account.

Instead of earning an interest margin for lending actual cash, the large banks now look towards gaining income from the small annual fee, typically 0.1 per cent, which they earn for playing this backstop role. They normally also earn the right to act as a seller of the notes to investors in the market place. They can earn additional trading profits on this.

A recent study by the Bank of England pointed out that there was a rapid growth of this type of borrowing in the first seven months of 1984 when the total amount raised through Euronote facilities was about $8bn—the same as that raised in the whole of 1984. But many bankers believe that the Bank's figures understate the degree to which this type of business is being developed for both sovereign and corporate borrowers.



New Eurocredits figures exclude merger-related facilities to U.S. corporations. 1984 figure is annualised estimate based on returns for January-May.

CIBC Ltd, the merchant banking arm of Canadian Imperial Bank of Commerce, which is an active trader of Euronotes, reckons that outstanding facilities now probably amount to some $17.5bn even excluding some private unpublicised deals.

Since the summer Sweden has raised $4bn through a loan facility that incorporates the option to issue Euronotes. New Zealand, which through Citicorp *was the first sovereign borrower* to employ such a technique in 1981, has come to the market for $1.5bn. And two weeks ago France's state-owned Credit National asked Banque Nationale de Paris, Morgan Guaranty and Credit Suisse to organise a $500m facility which will permit the sale of Euronotes bearing interest at ⅛ per *cent below* Libor, the benchmark London inter-bank offered rate for short-term Eurodollar deposits.

A big influence on the development of Euronote business has been the debt crisis of the developing countries. Many banks now have so much rescheduled debt on their books that they are looking for ways to make the rest of their balance sheets more flexible. In the process they have begun to shy away from long-term lending, preferring instead to place their money in short-term negotiable instruments that can be sold quickly if necessary.

At the same time the international banking industry has been looking for ways of increasing its fee income by conducting business which does not *automatically swell* balance sheets and upset capital-to-asset gearing ratios.

But an even more persuasive factor may be the slowdown of the interbank deposit market after the eruption of the debt crisis in 1982. This means that large banks which still have a surplus of short-term money to pass on to their customers have fewer outlets than before. Smaller banks are playing a much reduced role in the deposit market and even some sizeable institutions have become suspect as the case of *Continental Illinois shows.*

The implication is that it is safer to make a short-term loan to a top-quality borrower such as Sweden or France than to put the money in another bank. This form of diversification is also clearly in the mind of non-bank investors such as corporate treasurers and central banks which are also starting to buy Euronotes though still in relatively small amounts.

For this type of investor the purchase of Euronotes has another advantage in that even at today's fine rates it brings in a little more interest than a bank deposit. But taken to its logical conclusion the process whereby investors substitute bank deposits for Euronotes could have some sinister implications for the banking industry. It means the banks risk being squeezed out of their traditional business of taking money from one customer and lending it at a profit to another. In a Euronote facility they can find themselves bypassed, except as guarantors.

As the banks' best customers drift away, the argument goes, they will be left holding only credits to poor-quality borrowers in their loan portfolios. "Only second-rate borrowers now raise money through eurocredits," said one senior banker involved in the note issuance business.

Most of his colleagues argue that this is still, however, a rather overblown conclusion. The capacity of the note-issuance facility has still not been fully tested, particularly the degree to which Euronotes are actually tradeable, they say, and there remain some serious constraints on its future development.

For all their cash management flexibility, euronote facilities are still a basically dollar-denominated vehicle. Some have been done in ECUs and Hong Kong dollars, but the Bank of England *has* resisted intense pressure *from* British merchant banks to permit the launch of note-issuance facilities in sterling.

The rapid growth of euronote business has also attracted the attention of central banks in another way. They are worried that the banks which underwrite the deals are amassing a large amount of contingent business for which their capital backing is inadequate. The Bank of England has been studying this problem for several months but so far has made no decision as to whether new capital guidelines are needed. The imposition of such guidelines, if it happens, could curtail the market or even kill *it because underwriting banks* would face the expense of employing extra capital.

Short of this, however, the note issuance facility now seems guaranteed a place in the jargon of international banking and with it the establishment of two of its most important underlying principles — that bank lending operations should increasingly produce marketable credits and that the once rigid distinction between the old bank credit market and the securities market should gradually disappear.

British labour arbitration

'Two to tango and one to run the band'

By Philip Bassett, Labour Correspondent

FRESH TALKS in Britains coal dispute are to begin again today. Again, it is the Advisory Conciliation and Arbitration Service which has the job of doing what all sides in the coal industry have been unable to do for seven months: finding a settlement.

Once more, the unions and employers will march through the media barricade and disappear inside the conciliation service's elegant London headquarters in St James's Square. But what happens then, away from the television lights? And how satisfactory — and worthwhile — a process is it for industrial relations in Britain?

Going up the steps into the Acas headquarters is for many employers and unions often a near-desperate last resort. "Most of the disputes that come here," says Mr Dennis Boyd, chief conciliation officer for Acas, "are right at the end of a very long process, and they've got to a very hard and final stage."

The industrial relations officer for one nationalised industry says: "The real motivation is not to go there. You ought to conduct your negotiations on the basis that there is no safety nat."

Acas works hard to ensure that as few disputes as possible reach the St James's Square stage. Most of its work is concerned with prevention, not cure.

The raw facts bear this out. Ten years old today, Acas has made more than 106,000 advisory visits, completed more than 2,800 advisory projects, dealt with some 400,000 individual employer-employee conciliations, and answered 3.2m inquiries at its 10 offices around the country. These have ranged from small points about aspects of labour law to requests on how to reform a company's whole industrial relations procedures. It has a staff of 644 and a budget last year of £11.7m.

In the main, both sides of industry are satisfied, even approving. "There is a high degree of acceptance of Acas at local level from employers and unions," says one of Acas's team of local arbitrators.

It is the failures at this local stage which later come to national prominence.

Inside, an employer and a union in dispute are kept apart. "They *isolate you* in a room," says one employers' negotiator, "and you don't meet the other party so that tempers don't run high."

Acas tries hard on the mechanics of resolution. Often, the employers and the unions are not even on the same floor of the building, to avoid the risk of them meeting in the lavatory and *possibly* wrecking some delicately-poised initiative.

They're provided with a telephone so, as an Acas official put it, they can keep in touch with their "pressure points"—other members of management, the Government, union head office, or shop stewards. Acas thinks that the public airing of conciliatory moves in disputes is best kept as confidential as possible. It has seen what damage can occur when secrecy is not maintained.

During the last round of unsuccessful talks on the coal dispute, for example, Mr Ian MacGregor, chairman of the National Coal Board, replying

to a TV interviewer's question about what a particular new form of words meant, said that he still intended under this formula to close uneconomic pits.

In the talks, the point had been circled round. But watching him on television inside, Mr Arthur Scargill, the miners' president, then *said* of the formula: "Well, if that means he can close uneconomic pits, then I can't accept it, can I?"

But the two sides are kept apart, and *confidentiality* maintained, so that Acas's officials can move back and forward between the two sides, listening and making suggestions, sometimes on paper as in the last miners' talks. As one union leader put it, however, there are "mostly verbals."

"It's a process of complete exhaustion," says one public sector union negotiator. "It's a very boring time," says an employer. "You spend hours stuck up there doing nothing. I used to go to sleep on the floor."

Acas officials admit it is a hard grind, that is why they like to bring in their notorious refreshment: not usually beer and sandwiches, but as Acas says, "warm lager and cold fish and chips." One union official jocularly remarked that he thought he had better settle because he could not face the thought of another batch of takeaway food.

Another who was part of a large trade union team, said that some members were so bored that they either wanted to do a deal just to get it over with — or conversely, were ready to refuse virtually any offer simply because they had waited so long.

A vexed union negotiator says: "We were waiting in there with the radio and TV on, getting more news from them about what was happening than we were getting inside." Another, however, praised the careful explanations given by Mr Boyd and Mr Pat Lowry, *Acas's chairman,* of how negotiations were going.

Arduous it may be, but it is often successful. "There's never any feeling of pressure from Acas," says a union national officer. An employer adds: "But they're always edging towards a settlement."

Not that this always meets favour. "They're always thinking of ways to produce a sufficiently attractive offer to the unions," one employer says. "It does reduce things to a situation where they are sitting about trying to come up with ways in which they can give people more money for the same effort."

Charges of bias towards the unions have been levelled at Acas since its formation, though they slackened off when the Conservatives' first piece of trade union legislation removed from the service its responsibilities to secure, if requested, recognition of a union by an employer.

Mr Jack Jones, who as general secretary of the Transport and General Workers' Union was instrumental in establishing the service, says: "Its wings have been clipped."

The right-wing Institute of Directors, however, still feels it is partisan. Mr Graham Mather, the institute's policy director, says that its complaints are at two levels: that Acas's *terms of reference still include* a duty to promote collective bargaining; and that because of this, employers at local level feel Acas lines up with their unions against them.

Pressure is likely to be brought on the Government through a 10-minute Bill to alter the terms of reference; on the second, many employers recognise it as inevitable that Acas will know well the relatively small number of union officials covering an industry which has many employers.

Mr Eddie Shah, chairman of the Messenger newspaper group, felt this acutely in his dispute with the National Graphical Association print union.

He gives an account of finally being called up to see print union leaders during one round of talks at Acas, and tells with oppalled relish of finding them in their socks, their shirts undone, pushing aside wine glasses so that he could set his papers down.

"You have to know the ropes," says one employers' negotiator. "With Shah, he went there completely green—and he just wondered whether he was being set up." Mr Shah says now of Acas: "They're probably not taking any side."

Away from the gripes of their individual experiences, all sides do recognise this and its practical value. Even Mr Mather says that "Acas is proving itself useful—at the moment."

Mr Jim Mortimer, who attracted mony charges of bias in his time as Acas chairman because of his past as a union official—and more when be became Labour's general secretary—says: "Acas doesn't bring about a revolution in industrial relations, but it's an essential lubricant."

Company and union negotiators agree. "It's going through rough waters," says Mr Jones. But all sides, including the Government, seem to think it will survive.

As Mr Tom King, Employment Secretary, puts it when asked if there is any doubt about the future of Acas: "It takes three to tango. Or rather, two to tango—and one to run the band."

Letters to the Editor

Regulation in the City

From the Joint Managing Director, Tyndall Investment Services

Sir,—I agreed with the conclusion of your leading article "Drawbacks of self-regulation" (October 18): the Government should have proposed a single *independent* statutory agency to regulate the City. Although you outlined various weaknesses of the proposals put forward by Mr Fletcher, you did not point out what would appear to be a major inconsistency in the Government's approach.

The Bank of England, we are led to believe, has been actively encouraging the formation of financial conglomerates in the hope that they will be able to compete adequately with the giant finance and securities houses of other countries. The Government has, no doubt, connived in this large-scale computer dating by the Old Lady. Already a number of major groupings has been arranged, each of them bringing together in one organisation a variety of financial businesses, sometimes highly disparate.

Why therefore has the Government suggested that two separate agencies should regulate *the business* to the City, including the new conglomerates? The distinction between the two suggested bodies is superficially clear but could in practice be very blurred. Most unit trust management companies, for instance, carry out investment management services for unit holders as well as marketing the units. Are we to assume that such companies would be regulated by two different agencies at once? If not, if they were to be subject only to the insurance self regulatory agency, could we be *sure* that the rules laid down for their investment activities would be the same as those laid down by the other agency for the investment management activities within companies under its supervision? This is only one example of the unnecessary complication likely to ensue from having two agencies rather than one.

When the Government seems so enthusiastic about the combining of different kinds of financial activity within single companies, it is odd that it should wish them to be notionally dissected once again for the purposes of regulation.

Jonathan Bradley,
18 Cangnge Road, Bristol.

Place pits on care and maintenance

From Mr R. Pamment

Sir,—The solution to the mining dispute appears to be out of reach. In order to circumvent the critical problem "the closure of uneconomic pits" could these not be placed on a "care and maintenance" *basis, thus avoiding* a total closure.

Should the need/demand for coal override the cost considerations applicable to "uneconomic pits," these could be re-opened.

Alternatively perhaps an agreement could be reached, such that at an agreed level of production from the more economic pits, it would be acceptable to absorb the additional costs of re-opening the problem pits.

R. Pamment,
Resinform Division of BTR Vitaline.
Child Lane,

Cost of the coal saga

From the Chief UK Economist, Simon and Coates.

Sir,—I would like to make two comments on the never-ending saga of the state of coal stocks and the costs of the miners' strike.

*I should correct a serious mis*apprehension which you reported on October 18. The front-page article stated that Simon and Coates believed that power cuts would be likely in November or December *if* the NACODS strike proved solid, and if pit-head stocks could not be moved. This is entirely wrong (though the FT is not responsible, since it faithfully reported an incorrect news agency story). Even on the two stated assumptions, power cuts would not be likely until next February at the earliest. On the more likely assumption that at least some of the pit-head stocks can be moved to the power stations, the Government's assertion that it can last the winter looks about right. *Total UK coal stocks* would not be fully depleted until next spring/early summer.

Max Wilkinson reported (October 19) that the Government now estimates that the strike is costing £35-£40m per week, compared with the official estimate of £20m a week on average up to the end of July. Mr Wilkinson attributes this increase *mainly* to *the fact that* the Central Electricity Generating Board is now burning even more oil than before, so the extra net costs compared with the normal coal burn have risen still further. While this trend has undoubtedly been in evidence, it is not sufficient on its own to explain the increase in the Treasury's cost estimates. Even in June and July, the electricity industry was working close to full capacity on its oil-burning generators. Any extra oil burn since then has necessarily been *fairly* slight, so any increase in net costs from this source have also been fairly minor.

I very much welcome the apparent shift upwards in the Treasury's estimate of the weekly costs, and agree with Mr Wilkinson that the remaining difference between the Treasury's £40m figure and our £60m probably relates to differences in the assumptions on the degree of stock rebuild after the strike ends. But this does not explain why the Treasury's original estimates were so mysteriously low at the end of July. The reassessment in the official arithmetic since then cannot only have been caused by the extra oil burn, and I am wondering whether the Treasury has now made a more profound change in its assessment of the costs. *If so,* this debate can now end.

Gavyn Davies.
1, London Wall Buildings, EC2.
Roberttown,
Liversedge,
W. Yorks.

Plutonium and nuclear waste

From Mr D. Lowry

Sir,—In my letter of October 20 some lines in the second paragraph unfortunately got condensed. It should have read: "The plutonium report was part of the Campaign for Nuclear Disarmament's evidence to the Sizewell inquiry. Two points of the highest importance were raised. CND included part of an interview with Lord Hinton, the much respected former chairman of the Central Electricity Generating Board (1957-1964) in which he described the evidence given by John Baker, CEGB chief policy witness, on *past plutonium use as* "bloody lies." When a former chairman of a nationalised industry makes such a forthright comment on evidence submitted by that industry to a current public planning inquiry it surely merits discussion."

David Lowry,
Energy Research Group,
The Open University.
Walton Hall,
Milton Keynes, Bucks.

Soft landing for the dollar

From the Director, Institute for International Economics

Sir,—Unfortunately, Anatole Kaletsky had it right when he wrote (October 11) that "Mr Reagan heads for default." The soaring U.S. trade deficit and external debt are clearly unsustainable.

But the point could have been made even more strongly by referring to the most recent precedent: the unilateral U.S. declaration of non-convertibility of the dollar into gold for foreign official holders in August 1971. This too was a form of default, after years of (increasingly incredible) pledges that conversion would continue "down to the last bar." And the current situation is all to reminiscent of the late 1960s-early 1970s, when the U.S. budget deficit also soared and the initial exporting of inflation eventually gave way to devaluation, domestic as well as global inflation and global economic woes from which we all still suffer.

All of us here hope that preventive action will be taken, beginning with decisive steps in early 1985 to cut the budget deficit, thereby reducing interest rates and providing the best hope for a "soft landing" for the dollar. Mr Kaletsky has accurately indicated what at least a few of the unpalatable alternatives look like, and thus the cost of continued inaction.

C. Fred Bergsten.
11 Dupont Circle,
NW Washington,
DC 20036, U.S.A.

Conveyancing monopoly

From Mr J. Bradshaw

Sir, — Led by Professor Farrand, chairman of the Government committee on *conveyancing,* people seem to be getting the impression that fees for home-buyers will be slashed by the imminent ending of the solicitors' monopoly. Yet the Law Society welcomed the *proposals without reservation.* Tells you something.

According to the Farrand report the new legislation will not be put to the House of Commons until 1985. At present, it says, there are only about one hundred people who will meet the requirements it suggests should be laid down for non-solicitor conveyancers. It will take would-be conveyancers over two years and a good following wind before they can possibly qualify to do a conveyance for a fee. In addition, they will be required to have two years' *practical* experience before setting up in their own businesses. Where will they get the experience, who will give them a desk? 1990 will come and go before there are many of the newly qualified to challenge the 38,000 solicitors now in practice. Some competition—the old monopoly with a tiny-opoly tagged on to it: a licence to a few non-solicitors and a doubling of conveyancing fees within the next three years. The only alternative is still to do the job for yourself.

Joseph Bradshaw.
Copper Beeches,
Westhill Road,
Royal Leamington Spa,
Warwickshire.

FINANCIAL TIMES

Tuesday October 23 1984

Democrats win converts but stay in minority, writes Terry Dodsworth

Republicans still rule on Wall Street

A COMMON view is held on Wall Street that the Democrats have been winning a few converts there in the years since President Franklin Roosevelt curdled its collective blood in the 1930s with his radical reforms.

But the Grand Old Party still has the lead – and it does not look like losing it in the run-up to the presidential election.

"There is no question that Mr Reagan is ahead in Wall Street sentiment," says Mr Roger Altman, a Democratic fund raiser for New York and an investment banker at Shearson Lehman American Express. "The place is certainly changing, and it is becoming less militantly Republican, but I would say his majority here is pretty sizeable."

Wall Street's Republicanism goes back a long way, originating in the days when President Abraham Lincoln and his new party had to turn to the New York bankers to fund their war efforts against the South.

The blue chip investment banks that grew up in the subsequent 65 years of Republican domination were equally naturally allied to the party's big business backers.

Those relationships, however, have broken down in the more fluid political situation after Franklin Roosevelt's four-term presidency, until some estimates put the Democratic voice at between 35 and 40 per cent of what might, loosely, be called the Wall Street vote.

The rise of a new breed of professional managers in industry has also been reflected in the securities markets, often drawing on people from working-class backgrounds who might have found it difficult to rise to the top of the old family-dominated investment banks.

Mr Altman, for example, comes from a modest Boston family that he describes as "moderately" Democratic. He campaigned for Robert Kennedy before becoming Assistant Secretary to the Treasury in President Jimmy Carter's Administration. This year, still only 38, he played a part in one of the most resounding boardroom battles on Wall Street, joining the winning faction at Lehman Brothers Kuhn Loeb, which advocated the link with American Express.

The New York fund-raising effort is usually the most important single element in the financing of Democratic campaigns. Mr Robert Rubin, an investment banker at Goldman Sachs who heads the committee, says it raised 23 per cent of Mr Mondale's funds in 1983.

Mr Rubin, who describes himself as a Democrat by "preference" rather than "conviction," says there is no stigma at all attached to his work for the party. Indeed, Goldman Sachs, one of the most aristocratic of the New York houses, is often cited as the model of impartiality: Mr John Whitehead, one of the two joint chairmen who have piloted the company for the past few years, is a staunch Republican, while Mr John Weinberg, his partner at the top, is an equally committed Democrat.

By the end of the present campaign, the Rubin-Latman team reckon they will have raised about $3.8m for the Mondale election campaign – about $3m less than the Republicans.

One reason for the Democrats' second place may be that many of the party's more distinguished supporters have not been particularly prominent in this election. Mr John Gutfreund, for example, who has recently emerged from a top-level reshuffle as sole chairman at Phibro-Salomon, Wall Street's second largest firm, has worked vigorously for the Democrats in the past. This time, through, he is sitting on the sidelines.

The main Democratic supporter to emerge from Salomon has come from the lower echelons – a certain Ms Donna Zaccaro, 19, the daughter of Ms Geraldine Ferraro, the Democratic vice-presidential candidate. Ms Zaccaro works on Wall Street as a "grunter" a person concerned with the hard slog (hence the grunts) of putting together statistics for the big dealmakers. She has taken leave during the campaign to help her mother.

The most unlikely of the younger Democratic enthusiasts is Mr Herbert Allen. Mr Allen is a great personal friend of Mr Walter Mondale, who rested at his plush, Long Island retreat after the bruising primary campaign for the Democratic nomination. In some ways it is an odd relationship because Allen & Co., where Mr Allen is president, is one of the brashest examples of free-booting, individualistic merchant banking.

Yet Mr Allen is characteristically outspoken in his support for Mr Mondale, who was on the board of Columbia Pictures when he was chairman. "I found his advice to be very sound, his attendance to be excellent, and he had a good business head." He describes Mr Reagan's policies as a "disaster" because he has done little to curb the "high level of government expenditure while totally reducing government income."

There have been times over the past 12 months when it has seemed that the whole of Wall Street's intelligentsia was ranged against the White House, howling Cassandra-like warnings over the deficit at one of their own – Mr Donald Regan, the Treasury Secretary, who gave up the top job at Merrill Lynch, Wall Street's biggest firm, to move to Washington.

Even among committed Republican fund-raisers, the deficit is not much liked. Whatever President Reagan says publicly about his reluctance to reduce it by increasing taxes, however, most of his supporters believe there will be some fiscal reform (and revenue raising) if he is re-elected – and that he will manage it more effectively than Mr Mondale ever would.

Mr Robert Baldwin, former chairman of Morgan Stanley, who is head of the Republican fund-raising effort in New York, says categorically: "I think he will do everything possible to bring the deficit down. But from there, he will be looking at some form of flat tax that will tend to increase the revenue rate."

Mr Baldwin, from a staunch Republican family, is one of the old school of Wall Street bankers. He is credited, though, with a keen eye for the possibilities opened up in the securities markets in the post-deregulation era, piloting Morgan Stanley through a rapid period of growth while maintaining its traditional partnership character.

He has also proved to be an effective fund-raiser, and believes he should be able to pull in the maximum allowed under law during the present campaign. Like an old-style banker, he believes very firmly in the personal touch.

"I try to personalise almost every letter I send out," he says. The campaign was concentrated on direct mailing (even foreign journalists have had letters drop through their postbox), pulling in lots of small donations of $5 and $10. "The Democrats have been having to rely on bigger gifts," he says.

They can also point to support among the people who might be thought to be natural Democrats. Mr Sanford Bernstein, who carved out a niche for himself by founding his own broking and research firm, came from the 25th congressional district in the Bronx, which in his youth, he says, had "the largest Democratic majority of any congressional district north of the Mason-Dixon line." Now, it would be hard to find anyone with stronger Republican beliefs.

Mr Bernstein has never run with the herd, however, and today raises money for the President at private breakfast meetings. His Republicanism is of a more bracing type than that of Mr Baldwin – he believes in even more radical tax cuts than those President Reagan has pushed through, and iron-handed treatment of the Soviet Union.

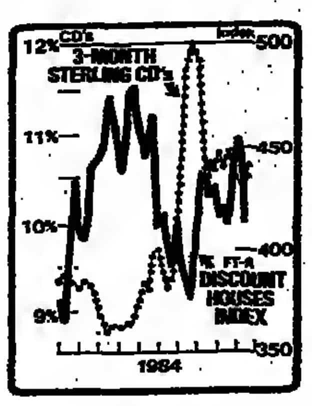
He would also halve government staff, he says, if given the chance. Washington bureaucrats need not worry – he claims to have no political ambitions.

Stock market reports, Section III

THE LEX COLUMN

Swiss investors shop abroad

Sterling drew some comfort yesterday from suggestions that the Organisation of Petroleum Exporting Countries (Opec) would opt for production rather than price cuts, but after the shocks of the past few days the equity market was taking little on trust. The centre of activity was the food sector, which, if all the bid rumours were vindicated, would vanish almost overnight.



Swiss bonds

The Swiss bond markets have been coasting along on almost invisible yields for so long that outsiders were beginning to wonder whether Swiss investors even understood the phrase "interest rate differential." Now, it appears, they do. The Swiss Government, for the first time since the changeover in 1979 to a tender system for selling bonds, was forced last week to cancel a scheduled SwFr 250m bond issue. The bond would have had to pay a humiliating 5 per cent coupon and the Government did not want to be the first public borrower in Switzerland to cross that threshold.

To a certain extent, Swiss borrowers are blessed with a captive audience, given the heavy restrictions on Swiss pension funds and insurance companies. Marginal investors, however, have been diversifying; not just into dollar bonds, but also into D-Marks. The announcement three weeks ago that Bonn would lift its withholding tax on domestic bonds seems to have made habitual investors in the Swiss market think again.

A 250-point yield differential between German and Swiss government paper is all very well on the assumption that the Swiss franc is helium-filled. But for the last few months it has traded in a narrow range against the D-Mark, and dealers suspect that the Swiss National Bank is reluctant to let it top DM 1.25 – given Switzerland's heavy reliance on Germany as a trading partner.

In the last couple of years, foreign (and particularly Japanese) borrowers have ploughed into the Swiss bond market, believing they had found a bargain. Since the fundamentals show no obvious reason why the franc should now appreciate against the D-Mark, the yield pendulum may have started to swing in favour of the investors.

Investment trusts

The plethora of For Sale notices outside so many other City of London institutions has attracted more attention, but it begins to look as though the furniture is a least being rearranged in the investment trust sector. Its turnover volume, at around £200m a month, has been running strongly since the early summer and the pattern of shareholdings may be shifting significantly: as many as 10 per cent of the 193 trusts, according to stockbroker De Zoete & Bevan, now have minority stakes of just under 5 per cent on their share registers.

The impact of all this on discounts to net asset value in the sector has been hard to discern. The falling pound and the strength of some key markets, most notably Japan, have kept asset values more than a step or two ahead of the trusts' share prices and discounts have even widened slightly in the last two months. Even so, the sector has outperformed the market since May.

The confidence appears to reflect some high hopes being pinned on corporate activity, a label traditionally reserved in this context for disguised rights issues and unitisation moves but now extended to cover reorganisations which need not result in assets leaving the sector.

Instead, the aim of a new wave of aggressive managers is to redeploy the trusts' assets with a keen eye for arbitrage opportunities and international performance ratings. Several large London financial institutions have given the new approach their active support. So far, anyway, it looks a good deal preferable to the unitisation treatment which was adopted as the last popular antidote for the discounted prices in the sector.

But it could augur an insecure future for smaller, independant trusts. Their choice of defensive strategies is not lavish. Unitisation has long been rather a last-ditch tactic, as the rearguard action by Anglo-Scottish to avoid it amply suggests the assets, after all, can quickly disappear out of the unitised window. Assets held in unquoted investments are meanwhile emerging as a more potent defence, underlining again the topicality of the row at Anglo-Scottish.

Discount houses

If the Bank of England is concerned by the number of inquiries it is receiving about primary dealerships in the new gilt-edged market, it could do worse than send off a collection of discount house interim statements to all those expressing an interest. Judging by the reports in so far, making markets is no recipe for a quiet and prosperous life.

The summer months provided the discount market with an excellent opportunity to lose money, as bank base lending rates ran up from 8½ to 12 per cent, and then to make it back again as rates eased in early August. So far the houses have performed according to the form-book. Smith St Aubyn, which came badly unstuck in the gilt market three years ago, reported a loss for the period; Clive Discount made a modest profit; and Gerrard & National, the biggest of the houses, did very nicely.

How the smallest houses, like Smith, will make the transition to the new market structure is not immediately obvious. In order to make their presence felt, primary dealers might need to commit around £25m of capital and Smith's published resources amount to only half that figure. But even the likes of Gerrard will not find life easy. It began the year with a £3½bn book, leaving it uncomfortably exposed to the subsequent rise in rates. The house evidently managed to contain the damage in the first quarter and astutely switched to a bull tack in August, but even Gerrard itself might admit that the successful outcome owed something to luck as well as to fine judgment.

N-blast survival plan 'is all wet'

By Reginald Dale, U.S. Editor, in Washington

IF you want to avoid death by blast, radiation or fall-out during a nuclear attack, jump in a lake – preferably as fully clothed as possible.

That is the advice of the Lawrence Livermore National Laboratory of Livermore, California, in a report commissioned by the U.S. Federal Emergency Management Administration (Fema), the agency responsible for contingency plans in the event of a national crisis.

The recommendations are so "ludicrous" and "absurd," says Fema, that it wants its money back. It is considering trying to cancel the $174,000 study grant it gave Livermore, one of the laboratories working on research in connection with President Ronald Reagan's "star wars" programme.

The laboratory was asked to come up with suggestions on how to protect city factory workers in a nuclear war. The report, completed in August, says: "A body of water could provide a unique protective option for some individuals."

"Considerable protection could be obtained from the prompt nuclear effects by wearing as much clothing as possible, diving about four feet down and spending as little time as possible at the surface for air.

"However, workers taking advantage of large bodies of water should not only be good swimmers, but they should also tether themselves to a flotation device with a 10-foot line." Another idea: wrap yourself in a "wet, opaque blanket."

Responding to the report, an internal Fema memorandum says that it is unlikely that a worker "will be wearing a tether," find enough water or be able to remain submerged long enough. Statements like those "undercut the entire civil defence programme and cause loss of validity to the very real concept of nuclear survivability," the memo says.

Fema also accuses the laboratory of "plagiarism" for allegedly copying British and the agency's own material in the report. What it seems to have forgotten is the long-standing advice of the British "Beyond the Fringe" comedy revue: "First climb into a brown paper bag."

EEC agrees on Spanish tariffs

BY QUENTIN PEEL IN LUXEMBOURG

EEC Foreign Ministers last night agreed on a common demand for Spain to phase out industrial tariffs over a period of six years after joining the Community, with a special deal to control the volume of car imports.

The breakthrough came after a day of talks between the 10 ministers, at which they completed proposals to put to Spanish and Portuguese negotiators in the long-running talks on enlargement of the Community.

The plan would involve a "substantial increase" in the quota of EEC cars imported into Spain et reduced tariff rates, below the standard 34 per cent duty, according to British officials – a deal that would primarily benefit UK car manufacturers.

However, the ministers only managed to reach agreement by separating cars from the general proposal to reduce high Spanish tariffs – of over 20 per cent – in four steps over three years, to the level of general import tariffs.

At the same time, they agreed on a plan to control the likely excess production of olive oil within the enlarged Community.

Deadlock on industrial tariffs, olive oil, and social measures affecting Spanish migrant workers, has prevented the negotiations from moving forward since July.

The new proposals, although still likey to meet serious reservations, particularly in Mardrid, were welcomed last night by Sr Fernando Moran, the Spanish Foreign Minister, as "de-blocking a very negative situation."

Earlier story, Page 2

Lloyds to establish merchant bank unit

By David Lascelles in London

LLOYDS BANK is to emulate Britain's other large retail banks by forming its own merchant banking subsidiary. The decision, which comes at a time of great change in the London financial scene, coincides with the recently announced merger of Lloyds with its overseas arm, Lloyds Bank International.

The new group will combine the merchant banking activities that are currently dispersed within Lloyds and LBI.

The man chosen to run the venture is Mr Robert Owen, 44, a former diplomat who is now a director of LBI. He will report directly to the chief executive of the Lloyds group.

Mr Owen said last night that the creation of a merchant bank group had been under discussion for some time, and the decision to go ahead had not been taken solely in the context of the changes in London's financial structure. The timing of the merger was also "fortuitous."

He said the group would embrace Lloyds' existing merchant banking activities, which include Eurobonds and other international capital market operations, syndicated lending, project finance, export credits and corporate finance. It will also work closely with Schröder Münchmeyer Hengst, the West German banking and stockbroking group Lloyds bought last year.

In addition, he said, "it will position us for a role in the securities and investment management areas more broadly."

Lloyds is the only big retail bank that has yet to form an alliance with a securities house to participate in London's financial revolution, and there was considerable speculation last night that the new group might form the vehicle for whatever plans the bank has in that direction.

Among the other large banks, both National Westminster and Barclays have developed their own merchant banks. NatWest's County Bank is widely viewed as a great success story, while Barclays' merchant bank seems destined to play a leading role in its securities operations.

Men and Matters, Page 16

Bid to avert UK pit deputies' strike

BY JOHN LLOYD AND PETER RIDDELL IN LONDON

TALKS between Britain's National Coal Board (NCB) and the pit supervisors' union Nacods will be held today in a final attempt to avert the supervisors' national strike, due to begin on Thursday.

Hopes rose yesterday that a resolution of the dispute with Nacods might be possible. Both sides were keen for talks – arranged by the independent arbitration and conciliation service Acas – to take place.

Coal board officials are anxious to avoid the threatened strike, which might close the pits that have continued to produce coal during the strike by the National Union of Mineworkers (NUM). It would also increase the possibility of power cuts this winter.

The peace moves came as Mr Peter Walker, the Energy Secretary, reaffirmed in a House of Commons statement that the Government would take "all actions which are necessary to see that the power stations continue to provide the energy necessary to protect the life of the nation and to preserve jobs."

Mr Michael Eaton, the new adviser to Mr Ian MacGregor, the NCB chairman, has suggested a route for NCB-NUM talks that would drop further attempts to define an uneconomic pit and instead seek to widen the definition of an exhausted pit. The board's plans to close uneconomic pits are the main cause of the 33-week NUM strike.

Comments made yesterday by Mr Arthur Scargill, the NUM president, suggested that the new approach might be fruitful.

British arbitration, Page 17

Farm ministers attack cheap butter plan

BY IVO DAWNAY IN LUXEMBOURG

A SERIOUS row over a European Commission decision to sell up to 250,000 tonnes of butter at specially cheap prices broke out last night at a meeting of EEC farm ministers.

Mr Michael Jopling, the UK Agriculture Minister, attacked the plan as a "clear breach" of the EEC's international trade agreements and as a European taxpayers' subsidy to the Soviet Union.

However, Mr Poul Dalsager, the Agriculture Commissioner, defended the move as essential for reducing stocks now running at more than 1.2m tonnes. He added that the move was within the Commission's powers and was not subject to agreement from the farm ministers.

The New Zealand Government is particularly angered by the Commission's decision and is expected to raise the matter at the General Agreement on Tariffs and Trade (Gatt).

Under the Commission plan, agreed last week, traders buying more than 50,000 tonnes of "good" butter from the EEC will be entitled to purchase supplies of old butter at a rate of $450 a tonne.

The minimum price for butter under Gatt rules is $1,200, but the Commission argues that when the substantial water content of the old stocks is removed its special low price becomes equivalent in pure butter weight to the Gatt minimum.

Mr Jopling, backed by the Netherlands and Denmark, is now pressing for the cheap sales policy to be presented to Gatt for approval before any contracts are agreed.

Defence deals lift Boeing 15% in quarter

By Terry Dodsworth in New York

BOEING, the world's largest aerospace group, achieved a 15 per cent increase in third-quarter earnings, largely because of the strength of U.S. defence-related business and higher interest income.

Net income rose to $86m, or 88 cents a share, against $75m, or 78 cents, a year ago, although sales slipped to $2.2bn from $2.26bn.

For the first nine months, earnings were $288m, or $2.74 a share, against $257m, or $2.66, in 1983. Revenue fell to $7bn from $8.4bn. Sales to the government sector rose by $515m to $3bn, and were expected to continue to increase.

The company said that its backlog of unfilled orders had risen from $18bn at the end of 1983 to $22bn.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	69	Dubrovnik	R	18	64	Malaga	—	—	—	Salzburg	—	—	—
Akrotiri	S	25	77	Faro	S	22	72	Malta	F	23	73	Seoul	S	18	64
Algiers	—	—	—	Florence	S	22	72	Manila	R	27	81	Singapore	C	31	88
Amsterdam	R	12	54	Frankfurt	R	13	55	Miami	C	28	82	Stockholm	S	9	48
Athens	S	24	75	Funchal	C	22	72	Milan	F	17	63	Strasbourg	F	13	55
Bahrain	C	25	77	Geneva	S	13	55	Moscow	C	10	50	Sydney	C	20	68
Bangkok	S	32	90	Gibraltar	F	18	68	Munich	S	14	57	Taipei	S	26	79
Barcelona	S	21	70	Guernsey	C	16	61	Nairobi	—	—	—	Tangier	S	23	73
Beirut	S	25	77	Helsinki	C	8	46	Naples	C	18	64	Tehran	—	—	—
Belgrade	S	18	64	H. Kong	S	26	79	New Delhi	S	34	93	Tel Aviv	S	29	84
Berlin	F	11	52	Innsbruck	—	—	—	New York	R	20	68	Tenerife	—	—	—
Biarritz	S	19	66	Inverness	C	11	52	Nice	S	21	70	Tokyo	S	28	82
Blackpool	C	14	57	Istanbul	S	20	68	Oporto	S	21	70	Toronto	R	19	66
Bordeaux	S	18	64	Jersey	C	15	59	Oslo	F	7	45	Tunis	F	23	73
Brussels	—	—	—	Jo'burg	F	23	73	Paris	C	13	55	Valencia	S	22	72
Budapest	F	15	59	Las Palmas	F	24	75	Prague	S	11	52	Venice	C	18	64
B. Aires	C	19	66	Lima	S	20	68	Reykjavik	F	4	39	Vienna	S	18	64
Cairo	S	29	84	Lisbon	S	20	68	Rio de J'o	S	27	81	Warsaw	S	14	57
Cape Town	S	20	68	Locarno	S	15	59	Rome	S	22	72	Zurich	F	13	55
Caracas	C	28	82	London	C	16	61								
Casablanca	S	19	66	Los Angeles	S	23	73								
Copenhagen	R	10	50	Luxembourg	—	—	—								
Corfu	F	21	70	Madrid	S	18	64								
Dublin	C	16	61	Majorca	C	18	64								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Reagan on better form in debate

Continued from Page 1

gua, teaching them techniques of kidnapping and assassination.

He was less than convincing in denying Mr Mondale's claim that he had once said that nuclear missiles launched from aircraft or submarines could be "recalled" after firing, and in rebutting the charge that it took him three years in the White House to learn that the bulk of Soviet nuclear missiles were land-based.

Mr Reagan let Mr Mondale get away with accusing him of ducking responsibility for the suicide bomb attack on the U.S. Marine barracks in Beirut last year, by weakly trying to pin blame on the local commander. Mr Mondale also chided Mr Reagan for failing to keep his promise to retaliate after the three attacks on U.S. installations in Lebanon, in each of which, he said "the terrorists have won."

In a lengthy discussion of Mr Reagan's proposed "star wars" system of space-based defence against incoming Soviet nuclear missiles, the two men's roles were briefly reversed as Mr Mondale hawkishly swore that he would never accept Mr Reagan's suggestion of making such technology available to the Soviet Union. "I do not trust the Russians," he declared.

Mr Mondale qualified his support for a freeze on nuclear arms by insisting that it could only apply to weapons that could be verified. He constantly criticised Mr Reagan for failing to master the essential details of nuclear arms control and said he would draw the line before a new arms race began in space.

He was widely felt, however, to have failed to press his attacks home hard enough, and to have wasted opportunities to pick Mr Reagan up on some of his more curious remarks. "He kept going for the jugular," said one television commentator, "with a feather."

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday October 23 1984

ITALIAN TYRE GROUP CONSOLIDATES RESULTS FOR THE FIRST TIME

Pirelli tops $32m for half year

BY ALAN FRIEDMAN IN MILAN

PIRELLI, the leading Italian tyres and cables group, yesterday released its first-ever combined profit and loss account for the group's operating companies in 16 countries around the world. In the six months to June 30, the Pirelli group's operating companies made a net profit of $32.3m on total revenues of $1.84bn.

Pirelli also released figures for its 1983 calendar year, showing a group net profit of $348m on sales of $3.63bn. A Pirelli executive said yesterday the figures showed that the group's tyre and cable operations around the world were recovering from recession. He added that full year figures this year would also reflect the improvement.

After deducting financing charges on inter-company loans, Pirelli's attributable profit for the first half of this year was $25.75m, which was still larger than its attributable profit for the whole of last year, $21.89m. Pirelli's 1983 operating profit was $212.8m. Its first-half 1984 operating profit was $126.1m, showing the significant improvement.

Yesterday's Pirelli results are significant because the group has never before combined all of its operating profit centres. There are therefore no comparable figures for previous years. The figures are aggregate results rather than truly consolidated because of the group's complex structure of Swiss and Italian parent holding companies.

The operating companies, including Industrie Pirelli in Italy, Pirelli Cable Corporation in the U.S., Pirelli Limited in the UK and many others, have a calendar year. The operating companies however, are held by three holding companies – Pirelli Spa in Italy (46 per cent), Société Internationale Pirelli SA in Basle (46 per cent) and Pirelli Société Générale SA, also in Switzerland (with 6 per cent). These parent companies have a year-end in June. Because no single parent company has 50 per cent of the group, consolidated figures do not exist – these are promised within the next year or so.

Pirelli, which said its total workforce declined last year by 9.3 per cent to 63,602, said that last year the group made $200m of fixed investments. These were destined for the construction of new factories, additional product lines and research and streamlining of production in all areas.

Pirelli said yesterday its productivity in the tyres sector has been improving at a rate of 7 to 8 per cent annually in recent years. This meant that Pirelli Cable and Tyres was now the fifth largest such group in the world, with between 12 and 13 per ceot of the European market.

In the UK, where Pirelli's tyres division has been a loss-maker for many years, it last year produced a £242,000 ($290,400) net profit, against a £12.7m loss in 1982.

In Italy, Pirelli Industrie (tyres and cable) has come out of losses last year. The Italian operations lost L33.3bn ($17.5m). The company did not specify the amount of 1984 profits in Italy.

In addition to expressing optimism about Pirelli's group performance this year – the first half trend has improved significantly – executives of the Milan-based group yesterday discussed plans to expand operations in optic fibres in the U.S. Earlier this year Pirelli bought 15 per cent of Litel, a Wisconsin-based telecommunications company involved in local oetwork transmission systems which use fibre optics. Pirelli expects $20m of orders from the Litel venture.

Pirelli also said it had purchased the Italian Ceat tyre trademark and said all Ceat production was now in Pirelli hands.

National Intergroup profits decline

By Terry Dodsworth in New York

NATIONAL INTERGROUP, the U.S. steel and financial services group which recently sold 50 per cent of its steel interests to Nippon Kokan of Japan, reported a drop in third-quarter earnings to $7.8m or 18 cents a share, from $18.2m, or 80 cents, last year.

The company pointed out, however, that last year's figures were boosted by a $12.6m extraordinary gain and that the steel division's activities turned around in the period from an operating loss of $4.8m last year to a profit of $11.1m. Sales totalled $548.4m against $678.6m, reflecting the divestment to NKK.

In the first nine months of the year, net incoime rose to $39.8m, or $1.39 a share, on sales of $2.1bn. This compares with a net loss in 1983 of $116.4m or $6.27, including a $100m charge relating to the disposal of the Weirton Steel Division. Sales in the 1983 period amounted to $2.2bn.

Mr Howard Love, chairman, said that National Intergroup had experienced a slowdown at both First Nationwide, its financial services subsidiary, and in the steel division in the third quarter. Higher interest rates had reduced First Nationwide's net interest margins, while volume and price weaknesses bad damaged National Steel's profitability.

Armco, the diversified steel, oilfield equipment and aerospace materials company, announced a loss of $272.7m, or $4.11 a share, for the third quarter against a loss of $421.5m, or $6.41 a share, a year ago. Sales amounted to $1.14bn against $1.03bn.

Operating losses amounted to $22.7m before tax, but the company also had to absorb a $205m special charge related to its oilfield equipment business and a loss of $40m on the sale of its finance and leasing interests.

High U.S. sales boost Canadian telecom group

BY BERNARD SIMON IN TORONTO

NORTHERN TELECOM, the Canadian telecommunications equipment manufacturer, lifted third-quarter earnings to a record C$75m (U.S.$57m), or 60 cents a sbare, 52 per cent higher than net income a year earlier, before extraordinary items. Income for the first nine months of 1984 advanced by 15 per cent to C$210.8m, or C$1.77 a share.

The company attributed the strong performance mainly to demand from the U.S., which makes up almost two-thirds of revenues, totalling slightly over C$1bn in the third quarter and almost C$3bn in the nine-mooth period. Third-quarter revenues were 39 per cent higher than a year earlier, while January-September revenues rose by 28 per cent.

Mr Edmund Fitzgerald, president and chief executive officer, attributed improved margins to "sustained high demand" for the company's digital multiplex systems (DMS) central office switches. DMS's contribution to revenues rose from 25 to 34 per cent. Margins on sales of private branch exchanges also widened. Mr Fitzgerald added that sales of all principal product lines bave risen this year.

According to Mr Fitzgerald, revenue and earniogs growth for the year as a whole are likely to exceed the company's 25 per cent target. He said the curreot backlog of orders is the highest in the company's history, and that the fourth quarter will account for about one-third of 1984 revenues and earnings.

By the end of September, the order backlog amounted to C$2.6bn, following a 72 per cent jump in third-quarter orders.

Northern Telecom's research and development spending rose sharply to C$104.8m in the third quarter, from C$77.5m, and tax provisions increased from C$19m to C$32.9m.

Northern Telecom is North America's second largest designer and manufacturer of telecommunications equipment, and the world's principal supplier of fully digital systems.

Eaton boosts earnings in third quarter

By Our Financial Staff

EATON, the Cleveland-based components and advanced technology products group, has continued its trend of buoyant earnings advances by lifting third-quarter net profits form $22.4m, or 72 cents a share, to $58m or $1.79.

The results, a record for the third quarter, lifted nine-month earnings to $189.4m, or $5.86 a share, from just $52m, or $1.73. Sales rose from $1.9bn to $2.6bn, with $866.5m ($657.1m) in the latest quarter.

Mr E. M. de Windt, chairman, said the overall improvement in the economy was a major factor in the 1984 performance. But the "dramatic success" of moves to improve cost effectiveness, including reduction in break-even levels and improvement in usage of working capital, was a contributory factor.

$ hits U.S. pharmaceuticals

BY TERRY BYLAND IN NEW YORK

THE DAMAGE caused to U.S. export earnings by the continued strength of the dollar was spotlighted yesterday by results for the third quarter from two major pharmaceutical companies.

SmithKline Beckman turned in flat earnings of $129m or $1.60 a share for the third quarter, making a total for the nine mooths of $383m or $4.67, against $368.7m or $4.44 last year.

Sales for the quarter advanced only sluggishly from $743.5m to $750.8m. Similarly, the nine-month sales total was harely changed at $2.2bn. SmithKline takes about one-third of its sales from outside the U.S. and the directors commented that the dollar "significantly affected" results for both the quarter and the nine months.

Schering-Plough, which earns a third of its profit overseas, said that exchange factors took 11 cents a share off third-quarter earnings. Operating income gained 8.7 per cent to $65.8m while net income increased from $36.5m or 72 cents to $38.3m or 75 cents.

Nine-mooth operating income was up by 8 per cent at $222.2m, with net earnings down from $153.9m to $139.5m, reflecting the disposal of Schering's radio station interests and a restructuring of the consumer and pharmaceutical operations.

In sharp contrast, however, Bristol-Myers, the toiletry and proprietary medical products group, reported reduced impact from foreign exchange losses for the third quarter. Just under one-third of Bristol's earnings have traditionally come from overseas but U.S. consumer operations have been strong

Third-quarter earnings gained 14 per cent to $133.5m or 98 cents a share on sales little changed at $1.1bn. Nine-month earnings at $354.7m or $2.59 gained 17 per cent, and sales at $3.2bn are 7 per cent ahead.

Allianz shares soar on restructuring review

BY JONATHAN CARR IN FRANKFURT

THE SHARE price of Allianz Versicherung, West Germany's biggest insurance company, soared to a record level yesterday amid market rumours that major cbanges in corporate structure were in the offing.

Allianz confirmed it was reviewing wbat structural changes might be made to benefit its business at home and abroad – but warned against assuming decisions were imminent,

Specifically, it rejected speculation that it might hive off its investment activities into a separate company, possibly through a stock split.

Despite the absence of firm word about Allianz's intentions, however, the share price – which opened nt DM 1,130 ($368) – surged to DM 1,148 before sinking back to close at DM 1,147.

Allianz's shares have been buoyant for much of the year – partly in expectation of still higher profits than in 1983 (when pre-tax earnings totalled DM 561m) and a dividend increase.

Sears Roebuck applies to buy Delaware bank

By Andrew Baxter in London

SEARS Roebuck, the world's largest retailer, yesterday moved to extend its drive into financial services by seeking permission to buy Greenwood Trust, a Delaware-based bank.

If the application to the Federal Deposit Insurnnce Corporation succeeds, Sears will make its first entry into deposit-taking outside California.

Terms have not been disclosed for the acquisition of Greenwood, which has assets of about $11m, but the amount involved would be mlnute for a company the size of Sears, which last week reported an 11.5 per cent increase in third-quarter earnings to $321.9m on sales of $9.65bn.

The company said in Londoo yesterday that if the application to buy Greenwood succeeds, it would dispose of Greeowood's commercial loan portfolio of around $1m.

Dart & Kraft $280m bid fails

BY OUR FINANCIAL STAFF

DART & Kraft, the leading U.S. food products group, has terminated its $280.5m bid for CFS Continental, an Illinois-based food distributor. Instead, A. E. Staley Manufacturing, the U.S. corn wet-miller, has agreed to buy CFS for $38 a share in cash, or $323m.

Dart & Kraft said: "Based on our analysis of the potential return from our acquisition of CFS Contioeotal, we have gone as far as we desired to go.

"While we believe $33 per share was an appropriate price for us to pay for CFS, other potential purchasers in differeot circumstances may justify a higher price."

Share sale for Great Western

By Our Financial Staff

GREAT Western Financial, the big U.S. savings and loan group which listed its shares on the London Stock Exchange in March, has filed a registration statement with the Securities and Exchange Commission to offer 4m shares of its common stock.

The company, which has 35.5m shares outstanding, said the proceeds of the offering would be used for general corporate purposes and to build an improved capital base for expansion and diversification.

Standard Indiana lifted by Australian disposal

BY OUR NEW YORK STAFF

STANDARD Oil Company (Indiana), the fifth largest U.S. oil group, reported a 2.7 per cent increase in third-quarter net income yesterday, but only after a hefty gain from the sale of its Australian refining and marketing business.

Earnings amounted to $600m, or $2.14 a share, against $584m, or $2 a share a year ago, while revenue rose to $7.9bn from $7.2bn. The sale of its Australian refining and marketing operations brought the group a non-recurring profit of $53m.

In the first nine months of this year, Standard's earnings rose to $1.72bn, or $5.98 a share, against $1.41bn, or $4.82 in 1983, while revenue remained exactly the same at $22.1bn.

The group said that in the latest quarter its results had been depressed by lower refined product margins and increased exploration expenses.

Standard added that it may buy back up to 30m of its own shares because it believes they are currently undervalued. The shares now stand at around $56 a share, against a high point of $100 four years ago and a book value of $43. The group has already spent $943m in acquiring 16.8m shares this year.

Sharp drop for U.S. insurer

By Our New York Staff

CHUBB, the U.S. property, casualty and life assurance group, suffered an unexpectedly sharp drop in operating income in the third quarter with oet earnings 60 per cent at $45.8m or $2.41 for the first nine months. Chubb, which has been suffering from the persistent deterioration in U.S. underwriting trends, now appears to be beading for its lowest annual profits since the mid-1970s.

Operating income slumped from $20.8m to $11.8m in the quarter, although inclusion of investment gains and losses brings the final net result to $12.9m or 65 ceots a share against $13.9m or 76 cents.

Xidex to pay $215m for Dysan

By Louise Kehoe in San Francisco

XIDEX, a U.S. maker of computer disks and related equipment, will acquire financially struggling Dysan, which makes similar products, for $214.5m in shares.

Dysan ran into financial problems earlier this year as sales of its personal computer data storage disks slumped. The company reported a net loss of $14.4m on sales of $161.5m for the first nine months of the year, although it had recently announced major spending cuts and bad been expected to return to profitability.

Xidex, which makes disk drive controllers, disks and microfilm, has net sales of $104.3m and reported net income of $13.1m for the year ended June 30. Under the terms of the agreement, Dysan will become a subsidiary of Xidex but retain its own corporate name and brand names.

Under the terms of the proposed agreement, which must be approved by shareholders and federal regulators, Dysan shareholders will receive seven shares of Xidex stock for every eight shares they own.

Swedish group sees return on American investment

Volvo reverses U.S. truck losses

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLVO's $125m investment in the U.S. truck business will pay off handsomely this year at a time when many other markets bave been showing weakness in demand.

Mr Sten Langenius, president of Volvo Truck Corporation, said at the Birmingham Motor Show that the U.S. subsidiary would make a "good profit" this year — the first time it bas been in the black since the Swedish group acquired the assets of the bankrupt White Truck company in the States for $75m in 1981. Volvo has injected another $50m into White since then.

"Moving into profit took us 2½ years — six months longer than we anticipated," commented Mr Langenius.

He revealed that output at the Volvo-White facilities in the U.S. had recently been boosted to 46 trucks a day or an annual 10,000 and the company had an order hank to justify staying at that level for some time.

Truck sales in the U.S. this year would be well over 10,000, including between 8,000 and 8,500 from the American plant. Last year Volvo sold 6,400 trucks in the U.S., of which 4,700 were produced locally.

The total U.S. demand for beavy (Class 8) trucks was ooly 75,000 in 1983 but this year is set to rise to more than 130,000. Mr Langenius believes that the market will remain above 120,000 in 1985 "and in those conditions Volvo-White will make a profit again."

The success in the U.S. will help boost Volvo truck production to more than 40,000 this year, against 34,400 in 1983—"and we can hold output at over 40,000 next year," Mr Langenious predicted.

Volvo delivered 5,600 trucks in the Middle East during 1983 —most of them to Iran—and expected to sell a similar number in tbe area this year. But Mr Langenious revealed that the intake of orders from the Middle East had been growing progressively weaker during recent months.

Suez group in U.S. Asian risk ventures

BY DAVID MARSH IN PARIS

COMPAGNIE FINANCIERE de Suez, the French state-owned financial group, is setting up two international risk capital ventures to inject funds into high technology companies in the U.S. and South-East Asia.

The move, the latest in a series of efforts by French institutions to promote high-technology entrepreneurship, follows several recent moves by the Suez group to create venture capital funds in France.

On the foreign side, the financial group, together with its banking arm, Banque Indosuez, is teaming up with Sequoia, the *California-based risk capital* firm, to manage a U.S. venture capital fund aimed to total around $30m wben it starts operating next year.

The casb pool, to be called *Suez Technology Fund, will be* subscribed to around $8m to $10m by the Suez group, with the rest coming from institutional investors both in France and abroad, possibly from the *Middle and Far East.* It will be channelled into high performance companies in the U.S.

The Asian venture, ISA Development Capital, totalling around $10m, will be capitalised *solely by the Suez group, and* will aim to finance jointly-owned-South-East Asian companies started by European and local partners.

The Suez initiatives follow closely in the footsteps of foreign venture capital operations already establisbed by the other state investment banking group, Paribas.

Danieli increases profits by 53%

By James Buxton in Rome

DANIELI, Italy's leading manufacturer steel mini-mills, increased profits by 53 per cent in the year ended June 1984. Sales rose by 12 per cent to L174bn ($92m).

Net profits rose from L10.1bn to L15.5mn, while cash-flow amounted to L21.4bn, a rise of 75 per cent.

Danieli is a family-controlled company based at Buttrio, in the north-eastern *region of Friuli. Earlier this* year it obtained a quotation on the Milan Stock Exchange and issued new equity, part of which was reserved for employees.

Danieli builds electric direct reductions steel mills, as well as other plants. It is completing a large plant at Shlobin in the Soviet Union, and has recently won contracts in China.

It also hopes to win orders in the U.S. as steelmakers replace obsolete plants.

Arbed climbs out of red in first half

BY PAUL CHEESERIGHT IN BRUSSELS

ARBED, the Luxembourg steel group, has turned in a first half 1984 net profit of LuxFr 212m ($3.4m), compared with losses of LuxFr 945m a year earlier.

But the figures reflect the effects of a financial restructuring which led to the Luxembourg Government giving the group a capital injection and taking a 24.5 per cent stake.

The group stresses that the relatively favourable outcome for the first balf concerned the parent company, whose own financial and technical restructuring is quite apart from that of Arbed Saarstahl, its troubled German subsidiary.

No Luxembourg money is *going into Saarstahl*, which this week is awaiting a European Commission decisinn on whether to approve DM 77m ($25m) of direct aid from the Saarland state government. The *Commission* is doubtful whether Saarstahl will be viable by the end of 1985, one of the criteria used in assessing subsidy approvals.

By contrast, the Commission approved last February tbe Luxembourg Government's financial aid to the parent company.

Arbed in Luxembourg said in its commentary on the first half figures that restructuring, geared to the modernisatipn and specialisation of production and linked to a production sharing agreement with Cockerill Sambre of Belgium and Sidmar, tbe group's Belgian unit, is starting to bear fruit.

But Arbed has also been able to benefit from stronger demand. Production in Luxembourg over the first three quarters of this year was more than 24 per cent up.

Turnover in the first half was LuxFr 27.2bn, nearly 19 per cent higher, and while operating profits were LuxFr 2.4bn, compared with LuxFr 2.27bn for tbe whole of 1963.

Norway steelmakers seek alliance with wholesaler

BY FAY GJESTER IN OSLO

NORWAY'S two steel producers, Elkem and Norsk Jernverk, plan to join forces with the country's largest steel wholesaler, Aspelin-Stormbull, to establish a new steel trading company, Norsk Stal.

The deal will depend on government approval for tbe recent agreement between Jernverk, wbich is state-owned, and Elkem, a private enterprise group, to merge their steel-making activities.

If it goes ahead, it will make Jernverk-Elkem an importer, as well as an exporter, of steel. Norway imports, largely from the EEC, most of the steel it uses.

● Kverneland, the prodncer of agricultural equipment, increased sales and profits in the first eight months of tbis year. Turnover reached NKr 435m ($48.8m)—16.6 per cent up—wbile group profits, before tax and end-year allocations, were NKr 49.8m, higher by 79 per cent.

Bekaert plans furniture disposal

BEKAERT, the Begian wire group, is negotiating the sale of Beka, its local funriture manufacturing company, to an undisclosed buyer, writes Paul Cheeseright in Brussels.

The sale would rid the group of a chronic lossmaker — it ended 1983 with a deficit of BFr 47m ($755,000)—with a strong appetite for capital. The parent has given Beka four capital injections in the past two years.

The planned disposal is part of Bekaert's strategy of concentrating on the main lines of its business as a supplier of industrial, as opposed to consumer, products.

The negotiations were triggered by the decision of Simmons International, a unit of Gulf and Western Industries of the U.S., to abandon its management of Beka and a 40 per cent shareholding in it.

Simmons became involved with Beka in February 1983 but has not received any return on its investment.

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This announcement appears as a matter of record only and does not constitute an offer of the Notes. The Notes were not registered in the United States. Offers and sales of the Notes in the United States or to United States nationals or residents may constitute a violation of United States law if made within ninety (90) days after the completion of the distribution of the Notes.

$250,000,000

American Hospital Supply Finance Corporation

Zero Coupon Notes due August 15, 2000

Goldman Sachs International Corp.

Nomura International Limited

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.	Bank Leu International Ltd.
Bankers Trust International Limited	Banque Bruxelles Lambert S.A.
Banque Indosuez	Banque Nationale de Paris
Citicorp Capital Markets Group	Commerzbank Aktiengesellschaft
Lehman Brothers International Shearson Lehman/American Express Inc.	Merrill Lynch Capital Markets
Morgan Stanley International	Nippon Kangyo Kakumaru (Europe) Limited
Salomon Brothers International Limited	Swiss Bank Corporation International Limited
S.G. Warburg & Co. Ltd.	Wood Gundy Inc.

October, 1984

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$750,000,000

American International Group, Inc.

Zero Coupon Notes due August 15, 2004

Goldman Sachs International Corp.

Yamaichi International (Europe) Limited

Commerzbank Aktiengesellschaft

Algemene Bank Nederland N.V.	Bank Leu International Ltd.
Banque Bruxelles Lambert S.A.	Banque Paribas
Chase Manhattan Capital Markets Group Chase Manhattan Limited	Citicorp Capital Markets Group
Deutsche Bank Aktiengesellschaft	Dresdner Bank Aktiengesellschaft
Kidder, Peabody International Limited	Morgan Guaranty Ltd
Morgan Stanley International	Orion Royal Bank Limited
Salomon Brothers International Limited	Swiss Bank Corporation International Limited
Ueberseebank AG	Union Bank of Switzerland (Securities) Limited

October, 1984

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$250,000,000

General Mills, Inc.

Zero Coupon Notes due August 15, 2004

Goldman Sachs International Corp.

Nomura International Limited

Morgan Guaranty Ltd

Algemene Bank Nederland N.V.	BankAmerica Capital Markets Group
Banque Nationale de Paris	Chase Manhattan Capital Markets Group Chase Manhattan Limited
Chemical Bank International Limited	County Bank Limited
Crédit Commercial de France	Crédit Lyonnais
Dillon, Read Limited	Dresdner Bank Aktiengesellschaft
Enskilda Securities Skandinaviska Enskilda Limited	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Kleinwort, Benson Limited	Lloyds Bank International Limited
Merrill Lynch Capital Markets	Morgan Grenfell & Co. Limited
Orion Royal Bank Limited	Salomon Brothers International Limited
Société Générale de Banque S.A.	Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

October, 1984

All of these securities having been sold, this advertisement appears as a matter of record only.

$5,059,050,000

Student Loan Marketing Association

SallieMae

Zero Coupon Notes due 2022

Goldman, Sachs & Co.

The following firms assisted in the distribution of the Notes:

Daiwa Securities America Inc.

The Nikko Securities Co. International, Inc.

Nomura Securities International, Inc.

September, 1984

INTERNATIONAL COMPANIES and FINANCE

Hong Kong property 'must be revalued'

By David Dodwell in Hong Kong

THE many Hong Kong companies that refuse to revalue their property investments to "more realistic levels" are likely to have their accounts qualified, said Mr Peter Wong, president of the Crown Colony's Association of Accountants.

Mr Wong, who is also a senior partner in the territory's third largest accountancy group, Kwan Wong Tan & Fong (KWT & F), said that property prices now bore no relation to those quoted during the 1979-82 boom years, and that companies who failed to write down property were using "figures in the air."

He edmitted that such revelations would "sorely affect" a large number of local companies but insisted that revaluation would be necessary sooner or later, and that "now is a good time to hite the hullet." Property valnes today are in many cases barely half what they were before the crash.

KWT & F, who represent Touche Ross in Hong Kong, act as auditors for many local property companies, and the warning that accounts will be qualified if they fail to act on property values cannot be taken lightly.

● Playmates Holdings, the privately owned Hong Kong toymaker, and one of the three main suppliers of dolls to the U.S., has revealed details of a long-delayed public share offering intended to raise HK$57m (US$7.29m).

The issue is expected to be heavily oversubscribed and is a clear indicator of renewed confidence among manufacturers and investors in the Hong Kong equity market. Several other companies which earlier this year shelved plans to go public are understood to be planning flotations in the next two months.

Playmates abandoned flotation plans in May this year

David Dodwell in Hong Kong profiles Mr Ray Astin

Lawyer takes on new commission

WHEN the Hong Kong Government revealed last month, in a major reshuffle involving the territory's two main financial regulatory bodies, that the Commissioner for Securities and Commodities Trading would be Mr Ray Astin, the response of Stockbrokers and bankers alike was the same: "Ray who?"

The appointment caused bemusement, and even apprehension, as brokers and Securities Commission staff wondered why the Government had opted for a commissioner who had no previous experience of the Industry—particularly when it is hracing itself for a period of unprecedented reform encompassing company disclosure rules, the opening of a unified stock exchange, and a new futures exchange.

Mr Astin smiled wryly at the "Mr Who?" image. "I should emphasise that I did not apply for the job—I was offered it. Presumably someone thonght I had some of the qualities needed to head the commission," he said.

Mr Astin is in fact much less of an unknown quantity in Hong Kong than many stock market operators realise. He has been Solicitor General since 1981, second only to Mr Michael Thomas, the Attorney General, in the Territory's legal department. He has worked in Hong Kong's legal department for 16 years.

Until now, his career has been exclusively in the legal sphere. After studying law at London University, Lancashire-born Mr Astin worked as a legal adviser to the Cornwall and Dorset County Councils in the UK before moving to Hong Kong in 1968.

Like Mr Robert Fell, his predecessor as Securities Commissioner, Mr Astin had intended to stay in Hong Kong for just a short time. Also like Mr Fell, things did not quite turn out that way, Mr Fell was seconded to the commission in 1981 from the London Stock Exchange, where he had heen chief executive for six years. After once extending his secondment, Mr Fell has just agreed to replace Mr Colin Martin as Hong Kong's Commissioner for Banking and Deposit Taking Companies, and is likely to stay here until he retires.

Mr Astin, who will be 47 this month, is making no such long-term commitments: "I never envisaged staying in Hong Kong after I was 50, so I am looking at things in a three-year time frame at the moment, and will review the position later," he said.

He makes light of the fact that he has no professional experience of the securities industry. "I do not honestly think there are any people around with all of the ingredients needed—and anyway, I'm leading a team, and there is a lot of market experience here. I just do not think it's a prohlem."

As Solicitor General, Mr Astin was responsihle for every area of the legal department's work—from prosecutions to drafting legislation, and advising memhers of the executive and legislative councils. While he has never specialised as a corporate lawyer, he insists he has "reasonable commercial law experience," advising freqnently on "commercial matters," and on white collar crime.

He says it is significant that the Securities Commission has a substantial programme of legislation under way, as a result of reforms drafted by Mr Fell. These include the drafting of stricter disclosure rules for Hong Kong companies (likely to go to the executive council before the end of the year); the establishment of a futures exchange; and the consolidation of the new unified stock exchange. At present Hong Kong has four stock exchanges.

The commission also has an unprecedented caseload of corporate prosecutions. The most talked- ebout of these is the prosecution of five people in connection with the collapse of Carrian Investments, the Hong Kong property company which was put into liquidation last year with debts estimated to be about HK$10bn (US$1.3bn) Committal proceedings began in Hong Kong last week, and if the accused are committed for full trial, the case is likely to continue until the end of 1985.

"There is an awful lot of work already in the pipeline, and the main job over the next two years will be to see this into legislative effect," Mr Astin said. "Once we have done that, I'm sure there will be problems we did not foresee that could keep us busy well into a third year."

He insisted thet the appointment of a lawyer to the top securities post did not suggest any major changes of policy or direction—a relief to many market operators no doubt, since most see more than enough policy changes to cope with already.

Mr Ray Astin—"reasonable commercial law experience"

Kuwait Asia Bank profit soars in third quarter

BY MARY FRINGS IN BAHRAIN

KUWAIT ASIA BANK, a Bahrain offshore hank owned mainly by Kuwaiti financial institutions and the government Social Security Fund, has reported third quarter net income of $7.4m (unaudited). This compares with $4.5m at the half year and $4.1m for the third quarter of 1983.

Total assets (exclnding contra items) have grown 18.7 per cent over a 12-month period, from $422m to $502m, but show a drop from the $547m reported in June. This reduction was mainly due to e fall in time deposits from $314m to $204m, although at the same time marketahle securities increased from $28m to $77m.

The loan portfolio has continued to expand steadily, from $163m in September 1983 to $182m in June and $198m in September 1984. Loan loss provisions are taken only at year-end.

On the liabilities side, this year's general shrinkage in the interbank market, possibly comhined with heightened international perceptions of Gulf regional risk, is reflected in a fall in time deposits from banks from $357m in June to $306m in September.

Jordan forms consortium bank in London

By Our Financial Staff

THE GOVERNMENT of Jordan and 15 Jordanian banks have formed a consortium bank in London. To be called the Jordan Finance Consortium, it has received a deposit-taking licence from the Bank of England and will open for business towards the end of this month.

The aim of the new consortium is to finance UK-Jordanian trade, gain its shareholders access to the international marketplace, and provide banking services for the Arab community in the UK.

BICC to sell Scottish Cables stake for R12m

BY JIM JONES IN JOHANNESBURG

BICC, the British Electrical Group, is to sell its 58.1 per cent interest in Scottish Cables, the South African electrical cables manufacturer, for R12.8m (U.S.$7.12m). The buyer, Power Technologies (Powertech), will make a comparable offer of 165 cents a share to minority shareholders.

Scottish Cables has been badly affected by the South African recession, strong competition from foreign manufacturers and a decline in capital spending on electrical reticulation systems. Last year turnover fell to R47m from R61m in 1982 while pretax profit slid to R1.7m from R8m.

Powertech will sell the cable making operations of its heavy electrical equipment manufacturing associate ASEA to Scottish to create a cable manufacturing company with an annual turnover of more than R100m. BICC retains the right to ecquire 15 per cent of the equity of this merged company. BICC has also agreed to continue providing technical support to Scottish.

ASEA's divisional trading figures are not disclosed. However, in 1983 the company increased its total turnover to R192m from R160m

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange"), for the purpose of giving information to the public with regard to the African Development Bank (the "Bank") and the Stock (as defined below). The Bank has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Bank accepts responsibility accordingly.

AFRICAN DEVELOPMENT BANK

ISSUE
on a yield basis of
£50,000,000 LOAN STOCK 2010

Payable as to £30 per ceot. uf the oominal amount oo application and as to the balance of the issue price by 10 April, 1985
with interest payable half yearly on 4 January and 4 July

Baring Brothers & Co., Limited

Barclays Merchant Bank Limited **County Bank Limited**
Samuel Montagu & Co. Limited **Morgan Grenfell & Co. Limited**
S. G. Warburg & Co. Ltd.

Application has been made to the Council of The Stock Exchange for the £50,000,000 Loan Stock 2010 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will initially only be available in registered form, transferable in multiples of one penny. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on 31 October, 1984. Stock Certificates will be despatched on 10 May, 1985 provided the balance of the moneys payable has been duly paid.

The application list will open at 10.00 a.m. on Thursday, 25 October, 1984 and will close the same day.

No person is authorised to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorised by the Bank, or by any of the Managers set forth above. This Prospectus does not constitute an offer to subscribe or sell or a solicitation of an offer to subscribe or buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The issue of this Prospectus and the issue, subscription, offering and sale of the Stock is not a waiver by the Bank or by any of its members, Governors, Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement Establishing the African Development Bank as amended or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved. The Bank is however amenable to suit in respect of its obligations under the Stock — see "Terms and Conditions of the Stock — Governing Law" and "Legal Status, Immunities and Privileges of the Bank" herein.

The Stock is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in the United States, **including the estate of any such person, and any corporation, partnership or any other entity created or organised in the United States and "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction.**

References to "UA" are to Units of Account which are used by the Bank in its financial operations (see "Unit of Account" herein). The value of the Unit of Account in terms of sterling was as follows on the dates indicated:—

1 UA = At 31 December, 1982 £0.683252 At 30 June, 1983 £0.698085 At 31 December, 1983 £0.721736 At 30 June, 1984 £0.762335 At 30 September, 1984 £0.800480

INFORMATION RELATING TO THE ISSUE

Procedure for Application

Each application for Stock must be made in the form of the Application Forms provided or in such other form as Baring Brothers & Co., Limited ("Barings") may accept and must be lodged with Barings, 8 Bishopsgate, London EC2N 4AE not later than 10.00 a.m. on Thursday, 25 October, 1984 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for integral multiples thereof.

Barings, on behalf of the Bank, reserves the right to reject any application and to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned, in each case after the relevant remittance has been cleared.

Barings, on behalf of the Bank, will announce the basis of allotment by 3.00 p.m. on Thursday, 25 October, 1984 and it is expected that confirmation of allotments will be despatched on the same day.

Brokerage of 0.125 per cent. of the nominal amount of Stock allotted will be paid by the Bank to recognised banks or stockbrokers on allotments made in respect of Application Forms bearing their stamp or in respect of other forms of application accepted by Barings as being from a recognised bank or stockbroker. The expression "recognised bank or stockbroker", when used herein shall mean any organisation which is a recognised bank for the purposes of the *Banking Act 1979* and any firm of stockbrokers which is a member of The Stock Exchange and such other institutions as Barings shall at their absolute discretion agree for the purposes of the issue.

Acceptances of applications for Stock will be conditional *inter alia* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 31 October, 1984 and, if the Managers and the Bank exercise their right by mutual agreement to terminate the Underwriting Agreement or if the Underwriting Agreement does not become unconditional (see "Underwriting Arrangements" below), will become void or, as the case may be, no applications for Stock will be accepted.

Copies of this Prospectus may be obtained from:

Baring Brothers & Co., Limited,
8 Bishopsgate,
London EC2N 4AE.

Hoare Govett Limited,
Heron House,
319/325 High Holborn,
London WC1V 7PB.

Rowe & Pitman,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA.

Determination of Rate of Interest, Issue Price and Issue Yield

The Stock will have attached such rate of interest and be issued at *such price as will* result in the Stock having a gross redemption yield equal to the Issue Yield as determined on the basis described below.

The Issue Yield shall mean the sum of 1.50 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 (the "Reference Stock") calculated by reference to the price of the Reference Stock on The Stock Exchange at 3.00 p.m. on Wednesday, 24 October, 1984, such price to be determined by Barings *to be the arithmetic mean of the bid* and *offered prices quoted on a dealing basis for settlement on the* following business day by three jobbers in the Gilt-edged market. The gross redemption yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, page 18.

The rate of interest attaching to the Stock will be an integral multiple of one eighth of one per cent. and will be consistent with an issue price as near as possible to £92 per cent. The issue price will be expressed as a percentage rounded to three decimal places (with 0.0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* on Thursday, 25 October, 1984.

Underwriting Arrangements

By an Underwriting Agreement dated 22 October, 1984 Barings, Barclays Merchant Bank Limited, County Bank Limited, Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited and S. G. Warburg & Co. Ltd. (the "Managers") have agreed with the Bank to underwrite the issue of the Stock.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stock will become void or, as the case may be, no applications for Stock will be accepted.

Terms of Payment in Respect of Applications

Each application, unless made by a recognised bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Baring Brothers & Co., Limited" and crossed "ADB Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available in respect of payments of £50,000 or more only to recognised banks or stockbrokers who irrevocably engage to pay Barings for credit to the account designated "ADB Loan" by 10.00 a.m. on Wednesday, 31 October, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their application shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque, banker's payment or banker's draft which is eligible for presentation in the Town Clearing System in the City of London.

Barings, on behalf of the Bank, reserves the right to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on the Stock allotted must be paid so as to clear by 12.00 noon on 10 April, 1985. Any amount paid in advance of its due date shall not bear interest.

Failure to pay the balance of any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate per annum of 4 per cent. above the Base Rate for the time being of Barings may be charged on such balance if accepted after its due date. The Bank further reserves the right, without prejudice to any other rights, in default of payment to sell any such Stock fully paid for its own account.

Delivery

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on 31 October, 1984 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form.

Allotment letters may be split up to 3.00 p.m. on 8 April, 1985 in accordance with the instructions contained therein into denominations or integral multiples of £100 of nominal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by Barings by 3.00 p.m. on 10 April, 1985, the Stock represented by such allotment letter will, when fully paid, be registered in the name of the original allottee and thereafter Stock will only be transferable by instrument of transfer.

Stock Certificates will be despatched on 10 May, 1985, after which date allotment letters will cease to be valid for any purpose.

SUMMARY INFORMATION RELATING TO THE BANK

African Development Bank (the "Bank") was established in 1963 and is based in Abidjan, Ivory Coast. Its principal purpose is to provide financial and technical assistance to further the economic and social development of its African member countries. As a multilateral development bank, the Bank is very similar in structure and functions to the World Bank and the two other regional development banks, the Inter-American Development Bank and the Asian Development Bank.

The Bank's capital stock is owned by 50 African and 23 non-African Member States, of which 17 are members of the OECD. At 30 June, 1984 the subscribed capital totalled the equivalent of £3,893m, of which £973m was paid-up. Outstanding borrowings represented 12.5 per cent. of the Bank's total callable capital at 30 June, 1984. The Bank, which has been consistently profitable since it began operations, has never suffered any loss on its loans and has retained all its net income. As a matter of policy, the Bank only makes loans to, or which are guaranteed by, African member governments and it does not reschedule its loans.

	Years ended 31 December		*Six months ended 30 June (Unaudited)*	
	1982	*1983*	*1984*	
	(expressed in thousands of UA)			*(expressed in thousands of pounds Sterling)*
Balance Sheet Data at end of period				
Cash and investments	164,394	198,077	333,563	254,287
Approved loans:				
Undisbursed Portion	1,012,680	1,363,011	1,489,724	1,135,669
Loans Outstanding	560,126	698,859	752,273	573,484
Borrowings	369,318	405,706	476,731	363,429
Capital:				
Callable Capital	2,899,170	3,786,090	3,830,490	2,920,117
Amount Paid-in	352,409	539,143	681,654	519,649
Reserves	123,967	129,773	137,391	104,738
Income and Expenditure				
Income				
From Loans	44,880	56,945	33,460	25,508
From Investments	16,080	15,842	8,482	6,466
From Other Sources	3,661	3,089	1,163	886
Gross Income	64,621	75,876	43,105	32,860
Expenditure				
Administrative Expenditure	30,453	34,569	16,504	12,582
Less: Management Fees	14,971	16,592	8,652	6,596
	15,482	17,977	7,852	5,986
Add: Financial Charges	33,873	38,948	20,813	15,866
Depreciation	2,810	2,810	1,406	1,072
	52,165	59,735	30,071	22,924
Net Income	12,456	16,141	13,034	9,936
Add (Deduct): Exchange Gains (Losses)	(1,410)	(1,319)	1,151	877
Net income before deducting statutory commission	11,046	14,822	14,185	10,813
Deduct: Statutory Commission	5,124	6,318	3,592	2,738
Net income after deducting statutory commission.	5,922	8,504	10,593	8,075

The above information should be read in conjunction with the detailed information and financial statements appearing elsewhere in this Prospectus.

TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorised by a Resolution of the Directors of the Bank passed on 13 September, 1984 and will be constituted by an Instrument to be dated 31 October, 1984 (the "Instrument") to be executed by the Bank and deposited with Barings.

The Stock is not an obligation of any Government.

Status and Negative Pledge

The Stock will rank at least *pari passu* with all other unsecured obligations of the Bank, present and future, except to the extent that any such other obligations are by their terms expressed to be subordinated in right of payment.

The Bank will undertake in the Instrument that, in the event of a call on the callable capital of the Bank, it will instruct its members to make payments in satisfaction of such call into an account *established* with *the Federal Reserve Bank of New York (or its successor duly designated for the* purpose) on terms that the proceeds of any such call shall be applied in payment of, or provision for full settlement of, outstanding obligations of the Bank incurred by it in the exercise of its powers to borrow and give guarantees (other than such obligations which by their terms are expressed to be subordinated in right of payment) before any other payment shall be made with such proceeds. Barings, as fiscal agent in respect of the Stock (or any successor fiscal agent) shall be entitled, without the consent of the holders of the Stock, to agree to any amendments to the agreement between the Bank and the Federal Reserve Bank of New York *(or its successor duly designated for the purpose) provided the same are* not inconsistent with the foregoing undertaking.

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes or other evidences of indebtedness.

Interest

The Stock will bear interest from and including 31 October, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest, Issue Price and Issue Yield" above. Interest will be payable by equal half yearly instalments on 4 January and 4 July ("Interest *Payment Dates") in each year except that the first payment of interest on 4 July, 1985 (up to but* excluding that date) will be calculated using the following formula:—

$$I = R \times \frac{161}{365} \times \frac{30}{P} + R \times \frac{85}{365}$$

where R is the rate of interest attaching to the Stock (expressed as a percentage), P is the Issue Price and I (expressed in pounds and rounded to three decimal places with 0.0005 being rounded upwards) is the first interest payment per £100 nominal amount of the Stock.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

Form and Transfer

The Stock will be issued in registered form and will be transferable in multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied or by any other form approved by the Bank. The initial Register and Transfer Office for the Stock will be at Barings, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Redemption and Purchase

(a) *Redemption*

Unless previously purchased and cancelled or redeemed, the Bank will redeem the Stock at par on 4 January, 2010.

(b) *Purchase Fund*

The Bank will appoint Barings as purchase agent (the "Purchase Agent"). The Purchase Agent will endeavour to purchase on The Stock Exchange or otherwise £3 million nominal amount of Stock for the account of the Bank during the two years ending on 11 April, 1987. Purchases will be made at such prices (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider reasonable, but not exceeding the price at which the Stock is issued, at such times within such two years as the Purchase Agent may at its sole discretion determine. Stock purchased by the Bank may be surrendered to the Purchase Agent for credit, at the nominal amount thereof, against the nominal amount of Stock to be purchased pursuant to this paragraph (b).

All Stock so purchased or surrendered will be cancelled and will not be reissued. Within 21 days of each Interest Payment Date, the Bank will announce the nominal amount of Stock cancelled pursuant to this paragraph (b) during the six months preceding such Interest Payment Date.

(c) *Purchases and Cancellation*

The Bank may at any time purchase Stock on any recognised stock exchange or by tender (available to all holders of Stock alike) at any price or by private treaty at a price (exclusive of accrued interest and all costs of purchase) not exceeding 120 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but save as aforesaid and in paragraph (b) above, the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock purchased under this paragraph (c), which may be cancelled or not as the Bank thinks fit.

Payments

Payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent, not later than the business day prior to the due date for payment thereof, at the holders' risk by post to persons who are registered as holders of Stock as at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank or the Bank shall default in the performance of any other of its obligations arising from "Status and Negative Pledge" above, and any such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its Principal Office in Abidjan, Ivory Coast written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

Principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due date.

Replacement of Stock Certificates

If any Stock Certificate is mutilated, *defaced, destroyed, stolen or lost* it *may be replaced at the* specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Registrar may require. Mutilated or defaced Stock Certificates must be surrendered before replacements will be issued.

Bearer Stock

The Instrument will provide that the Bank may, by executing a supplemental instrument in form satisfactory to the Registrar but without the consent of the holders of the Stock, make provision for the Stock to be exchanged for Stock in bearer form and for such Stock to be exchangeable for Stock in registered form, in each case at the option of the holder, all on such terms as will be set forth in such supplemental instrument. In such event the terms of the Stock shall, as from the date specified in such supplemental instrument, be deemed to include such provisions and all the Stock will be entitled to the benefit of, and be held subject to, such provisions.

Further Issues

If the Bank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be consolidated and form a single issue with the Stock.

Notices

All notices shall be valid if despatched by post to the holders of Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the day following the date of such despatch.

Modification of Rights

Except as mentioned in "Bearer Stock" above, the conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock as provided in the Instrument. Such a Resolution will require a majority of not less than three-quarters of the votes cast thereon.

Governing Law

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

AFRICAN DEVELOPMENT BANK

INFORMATION RELATING TO THE STOCK

Current United Kingdom Tax Treatment and Stamp Duty

Interest on the Stock is payable without deduction of United Kingdom income tax. On the occasion of each interest payment the Registrar will supply the Inland Revenue with the names and addresses of the holders of the Stock to whom interest is due, the amount of Stock held by them, the names and addresses of any other persons to whom interest is paid on the instructions of such holders and the amount of interest paid to each such person.

The Stock will not be a "deep discount security" the tax treatment of which falls to be determined by Section 36 of, and Schedule 9 to, the Finance Act 1984. The United Kingdom Inland Revenue have confirmed that, notwithstanding that the issue price of the Stock may be below its nominal value, no part of that nominal value paid on redemption of the Stock in January, 2010 (or upon the Stock becoming redeemable following an event of default pursuant to the provisions set out under "Events of Default" above) will be treated as subject to United Kingdom tax as income (except where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes). They have also confirmed that, under current law, on a disposal of the Stock in the open market by a holder of the Stock (other than a disposal by a person holding the Stock as a dealer for United Kingdom tax purposes, but including any disposal by any other person on a purchase made by the Bank pursuant to the provisions set out under "Redemption and Purchase" above), no part of the disposal proceeds received will be subject to tax as income.

The Stock will be a qualifying corporate bond within the meaning of Section 64 of the Finance Act 1984 for the purposes of United Kingdom tax on capital gains. Gains on Stock held for more than 12 months will generally be exempt from that tax by virtue of Section 67 of the Capital Gains Tax Act 1979 (as extended by Section 64 of the Finance Act 1984). Capital losses on disposal of Stock held for more than 12 months from the relevant acquisition will not be allowable losses. If the disposal is within 12 months from the relevant acquisition any gain will be taxable and any capital loss will be allowable, subject to the detailed legislation dealing with the identification of securities and utilisation of losses.

Transfers of the Stock are free of United Kingdom stamp duty.

Persons contemplating the acquisition of Stock who are uncertain as to their United Kingdom tax treatment or as to their treatment under the revenue laws of other jurisdictions should consult their professional advisers.

Stock Exchange Dealing

The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run to maturity.

It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, 26 October, 1984, without documents of title and at seller's risk, for deferred settlement on Thursday, 1 November, 1984.

Trustee Status

When the Stock is listed it will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Building Society Status

When the Stock is listed and when the period to the date of redemption is 25 years or less, it will be an investment falling within the Schedule to the Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended) and will fall within Part III of that Schedule.

Insurance Company Regulations

The Bank is an "approved financial institution" within the meaning of Part V of the Insurance Company Regulations 1981.

USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Stock will be used in the ordinary operations of the Bank.

INFORMATION RELATING TO THE BANK

The African Development Bank is an international institution, the members of which presently are 50 independent African states and 23 non-African states (the "regional members" and "non-regional members", respectively).

The legal basis for the Bank's existence and operations is the "Agreement Establishing the African Development Bank" (the "Agreement"), which was signed in Khartoum, Sudan, on 4 August, 1963, as amended on 7 May, 1982.

The Bank began operations in 1966. Its principal office is located in Abidjan, Ivory Coast. The Bank has representative offices in London, Nairobi, Yaounde and Harare.

Purpose and Functions of the Bank

The purpose of the Bank is to contribute to the economic development and social progress of its regional members – individually and jointly.

To implement its purpose the Bank has the following functions:—

(a) to use the resources at its disposal for the financing of investment projects and programmes relating to the economic and social development of its regional members, giving special priority to:—
   (i) projects or programmes which by their nature or scope concern several members; and
   (ii) projects or programmes designed to make the economies of its members increasingly complementary and to bring about an orderly expansion of their foreign trade;

(b) to undertake, or participate in, the selection, study and preparation of projects, enterprises and activities contributing to such development;

(c) to mobilise and increase resources for the financing of such investment projects and programmes;

(d) generally, to promote investment in Africa of public and private capital in projects or programmes designed to contribute to the economic development or social progress of its regional members;

(e) to provide such technical assistance as may be needed in Africa for the study, preparation, financing and execution of development projects or programmes; and

(f) to undertake such other activities and provide such other services as may advance its purpose.

In carrying out its functions the Bank seeks to co-operate with national, regional and sub-regional development institutions in Africa and with other international organisations.

Membership

Any African country which has the status of an independent state may become a regional member of the Bank. The geographical area to which the regional membership and the development activities of the Bank may extend comprises the continent of Africa and the African islands. Non-regional countries which are, or become, members of the African Development Fund (the "ADF") or which have made, or are making, contributions to the ADF, may also be admitted as members of the Bank.

The decision to increase the Bank's membership and the consequent increase in the capital stock was taken by the Bank's Board of Governors at their Annual Meeting held in May, 1979. This decision, which was subject to ratification by two-thirds of the members having three-quarters of the voting power of the Bank, became effective on 7 May, 1982 at the Bank's Annual Meeting held in Lusaka, Zambia. It enabled non-African states to participate in the increased capital stock to the extent of one-third or UA 1.75 billion. As a result the following countries became members: Austria, Belgium, Brazil, Canada, Denmark, Finland, France, the Federal Republic of Germany, India, Italy, Japan, the Republic of Korea, Kuwait, The Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, the United Kingdom, the United States of America and Yugoslavia.

The admission of non-African states has facilitated an expansion of the Bank's current 5-year lending programme (1982-1986) which envisages total lending of UA 3.5 billion during these years. The non-African states have undertaken to support the Bank's future fund-raising activities in their respective capital markets. They have undertaken to assist the Bank in mobilising additional concessional resources by agreeing to maintain a reasonable relationship between ADF replenishments and their Bank subscriptions. As a consequence, subscriptions to the Bank's capital stock will not be a substitute for the support of non-African states to the ADF.

Membership and Subscription of the United Kingdom

As of 30 June, 1984, the United Kingdom had subscribed 7,524 shares of the capital stock of the Bank and had paid an amount equivalent to UA 7.52 million on its subscription. The callable portion of its subscription is equivalent to UA 56.43 million. It is entitled to cast 1.54 per cent. of the total votes of all the members.

Certain immunities and privileges have been conferred upon the Bank by The African Development Bank (Immunities and Privileges) Order 1983 which was issued in accordance with the provisions of the International Organisations Act 1968. The Order provides, *inter alia*, that the Bank shall have the legal capacities of a body corporate and immunity from suit and legal process except to the extent that such immunity has been waived or, in cases arising out of the exercise of its borrowing powers, if it has appointed an agent for the service of process, or has issued or guaranteed securities, in the United Kingdom.

The Agreement Establishing the Bank

The Agreement constitutes the Bank's governing charter and establishes the status, immunities, exemptions and privileges of the Bank, describes its purpose, membership, capital structure and organisation, authorises the kinds of transactions in which it may engage and prescribes limitations on such transactions. The Agreement also contains, *inter alia*, provisions with respect to the admission of additional members, the increase of the authorised capital stock, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by it, the withdrawal and suspension of members and the suspension and termination of the operations of the Bank.

The Agreement may be amended only by a resolution of the Bank's Board of Governors approved by a two-thirds majority of the total number of Governors representing not less than three-quarters of the total voting power of the members, including two-thirds of the regional members having three-quarters of the total voting power of the regional members. The unanimous agreement of the Board of Governors is required for the approval of any amendment modifying the right to withdraw from the Bank, the pre-emptive rights to subscribe capital stock or the limitation on the liability of the members. No such amendment has been made to the Agreement to date. However, the Agreement was amended on 7 May, 1982 in order to admit non-African states to membership. The Agreement provides that any question of interpretation of its provisions arising between any member and the Bank or between any members, shall be referred to the Board of Directors for decision. Such decision may then be submitted to the Board of Governors whose decision shall be final.

Legal Status, Immunities and Privileges of the Bank

The following is a summary of the principal provisions of the Agreement relating to the legal status, immunities and privileges of the Bank in the member states.

The Bank has full juridical personality with capacity to contract, to acquire and to dispose of movable and immovable property and to institute legal proceedings. It enjoys immunity from every form of legal process except in cases arising out of the exercise of its borrowing powers, when it may be sued only in a court of competent jurisdiction in the member state in which it has its principal office or in any other state where it has appointed an agent to accept service or notice of process, or where it has issued or guaranteed securities. No actions against the Bank may be brought by the members or persons acting for or deriving claims from the members.

The property and assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgement against it. Such property and assets are also immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are inviolable. The Agreement enables the Board of Directors to waive any of these immunities where in their opinion it would further the interests of the Bank to do so.

The Bank and its assets, property, income, operations and transactions are exempt from all taxation and from all customs duties in member states. The Bank is also exempt from any obligation for the payment, withholding or collection of any tax or duty.

No tax of any kind shall be levied by any member on any obligation or security issued or guaranteed by the Bank, including any interest thereon, by whomsoever held, which discriminates against such obligation or security solely because it is issued or guaranteed by the Bank, or if the sole jurisdictional basis for such taxation is the place or currency in which it is issued or guaranteed, made payable or paid, or the location of any office or place of business maintained by the Bank.

Unit of Account

The Bank uses a unit of account (the "Unit of Account" or "UA") as the measure of the capital subscriptions of its members and of its loans and for statistical and financial reporting purposes. Prior to 8 February, 1978, one UA was defined as 0.88867088 gramme of fine gold. Conversion of currencies was effected at the prevailing official parity rates declared by the International Monetary Fund (the "IMF"). On 8 February, 1978 the Board of Directors of the Bank resolved that, with effect from 31 December, 1977 for all the Bank's accounting purposes, one UA shall be deemed to be equivalent in value to one Special Drawing Right of the IMF (the "SDR"). Subsequently, on 4 May, 1978, the Board of Governors decided to redefine the Unit of Account to be equivalent to one SDR. Ratification of this decision by the members of the Bank, which is essential for its entry into effect, has been deferred.

The value of the SDR, which may vary from day to day, is presently calculated daily in dollars by the IMF. For its routine accounting purposes the Bank uses for any quarter the rate quoted by the IMF on the last day of the preceding quarter.

Capitalisation

(a) Authorised Capital

The authorised capital of the Bank currently amounts to UA 5,250,000,000 which consists of 525,000 shares having a par value of UA 10,000 each. The original authorised capital stock of UA 250,000,000 has been increased on nine occasions. The most recent of these increases became effective in May 1982 when it was raised from UA 2,385,000,000 to UA 5,250,000,000 by issuing 286,500 shares of a par value of UA 10,000 each.

The authorised capital stock and any increases thereof must be allocated for subscription to regional and non-regional members in such proportions that the respective groups have available for subscription that number of shares which, if fully subscribed, would result in regional members holding two-thirds of the total voting power and non-regional members one-third of the total voting power.

(b) Subscribed Capital

Of the authorised capital of UA 5,250,000,000 an amount of UA 5,107,320,000 had been subscribed by the members as at 30 June, 1984. Each share has a paid-up and callable portion, 25 per cent. of subscriptions at 30 June, 1984 representing paid-up capital and 75 per cent. representing callable capital.

Under the Agreement, the subscribed capital is divided as follows:—

(i) Paid-up Capital

The Board of Governors determines the modes of payment of amounts subscribed by members to the paid-up capital stock. Payments due on paid-up stock are generally required to be made in gold or convertible currencies. However, under the terms of the capital increases authorised in 1979 and 1981 some regional members may pay a portion of the amounts due in respect of paid-up stock in local currencies or in non-interest bearing non-negotiable notes denominated in Units of Account. As at 30 June, 1984 the total amount unpaid of paid-up capital amounted to UA 68,311,436. In the opinion of the Bank these arrears have not inhibited its ability to meet its commitments. Paid-up capital may not, under the Agreement, be appropriated for uses other than ordinary operations of the Bank.

(ii) Callable Capital

The callable portion of the subscribed capital is subject to call only as and when required to meet the obligations of the Bank in respect of its borrowing of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources, and accordingly may not be called to make loans. In certain events, relating to defaults on loans made or guaranteed by the Bank, the Bank may also call amounts of callable capital, not to exceed in any one year 1 per cent. of the total subscriptions of the members, to redeem before maturity, or otherwise discharge any liability resulting from, a borrowing guaranteed by the Bank or to redeem or otherwise discharge its liability on a borrowing made by the Bank. In the event of a call, payment must be made by the member concerned in gold, convertible currency or in the currency required to discharge the obligation of the Bank for the purpose of which the call is made.

Calls on the callable portion of the subscribed capital are required to be uniform in percentage on all shares of capital stock, but the obligations of the members of the Bank to make payment upon such calls are independent of each other. Failure of one or more members to make payments on any such call would not excuse any other member from its obligations to make payment. Further calls can be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required on any such call to pay more than the unpaid balance of its ordinary capital subscription. To date, no calls have been made on the callable portion of the subscribed capital of the Bank.

Capital Stock

As at 30 June, 1984 and 31 December, 1983 and 1982 the Bank's capital position was as follows:—

	30 June, 1984 (Unaudited) (UA)	*31 December, 1983 (UA)*	*31 December, 1982 (UA)*
Authorised Capital	5,250,000,000	5,250,000,000	5,250,000,000
Subscribed Capital	5,107,320,000	5,048,120,000	3,865,560,000
Less: Callable Capital	3,830,490,000	3,786,090,000	2,899,170,000
Paid-up Capital	1,276,830,000	1,262,030,000	966,390,000
Less: Amount not yet due	537,755,500	657,982,500	560,298,000
Amount due	739,074,500	604,047,500	406,092,000
Add: Advance payments	10,891,270	12,939,557	2,942,466
	749,965,770	616,987,057	409,034,466
Less: Amounts unpaid	68,311,436	77,843,727	56,624,815
Amount paid-in	681,654,334	539,143,330	352,409,651

(c) Maintenance of Currency Values

Pursuant to the Agreement, each member is required to pay to the Bank any additional amount of its national currency necessary to maintain the value of all such national currency paid to the Bank on account of its subscription, whenever the par value of the member's currency in terms of the Unit of Account or its foreign exchange value has, in the opinion of the Bank, depreciated to a significant extent. In the event of an increase in such par value or such foreign exchange value, the Bank is required, pursuant to the Agreement, to pay to the member an amount of its currency necessary to adjust in a similar way the value of all such national currency held by the Bank on account of its subscription. It was decided in 1979 by the Board of Governors that maintenance of value would be suspended until such time as the Board of Directors determines that the SDR is being definitively applied as the unit of value applicable to members' subscriptions in the International Bank for Reconstruction and Development (the "World Bank") for purposes of the maintenance of value provisions of its Articles of Agreement.

(d) Special Reserve and Other Reserves

The Agreement provides that the Bank must charge a commission of not less than 1 per cent. per annum of the outstanding amount of all loans or guarantees. The amounts of these commissions received by the Bank are set aside, together with such amounts as the Board of Governors may allocate from net income, as a reserve fund (the "Special Reserve") which is kept in liquid form solely for meeting the Bank's liabilities on borrowings made and guarantees given by it. Under the Agreement, the Bank has the right (which so far has not been exercised) to change this minimum commission rate subject to the approval of a majority of two-thirds of the members representing not less than three-quarters of the total voting power of the members. At 30 June, 1984, the Special Reserve amounted to UA 32,580,922.

The Bank has also created a general reserve (the "General Reserve") available for general purposes, which at 30 June, 1984 amounted to UA 73,914,105 and other reserves for specific purposes which amount to UA 20,302,428.

Organisation and Management

The Bank's administration consists of a Board of Governors, a Board of Directors, a President, at least one Vice-President and other officers and staff. As at 30 June, 1984 the Bank had 822 employees.

Board of Governors

All the powers of the Bank are vested in the Board of Governors which consists of a Governor and an Alternate Governor appointed by each member, who exercise the voting power to which that member is entitled. Each Governor and Alternate Governor serves for a term of five years, subject to termination of appointment, or to reappointment, at any time. The Board of Governors may delegate to the Board of Directors all its powers, except certain specified powers including the power to increase and/or decrease the authorised capital.

Board of Directors

Without prejudice to the powers of the Board of Governors, the Board of Directors is responsible for the conduct of the general operations of the Bank and for this purpose exercises all the powers delegated to it by the Board of Governors.

The Board of Directors is composed of eighteen members who may not be Governors or Alternate Governors. Twelve members are elected by the Governors of the regional members and six members are elected by the Governors of the non-regional members. Each Director appoints an Alternate who acts for him when he is not present. Directors are elected for a term of three years and may be re-elected.

Board of Directors – Countries Represented and Voting Power as at 31 July, 1984

Regional Members:		%
Mohamed Aboulfadl	Morocco, Guinea, Togo and Tunisia	5.59
Samuel K. Botchway	Ghana, Gambia, Liberia and Sierra Leone	4.28
D. C. Danha	Zimbabwe, Angola, Botswana and Mozambique	4.94
Mohamed Samir Koraiem	Egypt and Djibouti	4.72
K. M. Manyelli	Lesotho, Malawi, Mauritius, Swaziland and Zambia	4.68
Pierre Moussa	Chad, Cape Verde, Somalia, Sudan and Zaire	6.30
J. A. Moutou-Mondziaou	Central African Republic, Burundi, Comoros, Gabon, Mali and Senegal	3.40
Emmanuel Ndahimana	Rwanda, Kenya, Ethiopia, Seychelles, Tanzania and Uganda	6.20
Godefroy Nguionza	Cameroon, Benin, Bourkina Faso (previously Upper Volta), Congo, Equatorial Guinea, Ivory Coast and Niger	6.17
Muftah Ali Sherif	Libya and Mauritania	4.65
Mouloud Tiab	Algeria, Guinea Bissau and Madagascar	4.61
B. N. Unachukwu	Nigeria and São Tomé and Principe	9.05
Total Regional Members		64.59
Non-Regional Members:		
Lutz A. Baehr	Germany (F.R.), Portugal, The Netherlands and United Kingdom	6.21
Claude Cambray	France, Belgium and Italy	6.11
H. E. Doley (Jr.)	United States of America	5.75
Tauno Kaaria	Finland, Denmark, India, Norway, Sweden and Switzerland	5.82
Georges Proulx	Canada, Korea, Kuwait, Spain and Yugoslavia	5.40
Osamu Shimizu	Japan, Austria, Brazil and Saudi Arabia	6.12
Total Non-Regional Members		35.41

President and Management

The Board of Governors, on the recommendation of the Board of Directors, elects by a majority of the total voting power of the members, including a majority of the total voting power of the regional members, the President of the Bank. The Agreement provides that he shall be a national of a regional member state. On the recommendation of the President of the Bank the Board of Directors appoints one or more Vice-Presidents. The President is elected for a term of five years and may be re-elected.

The President is Chairman of the Board of Directors but has no vote except a deciding vote in case of an equal division. He may participate in meetings of the Board of Governors but has no vote. He is also chief of the staff of the Bank.

The principal officers of the Bank are as follows:—

W. D. Mung'Omba	President
B. N'Diaye	Vice-President
D. Bihute	Vice-President
S. A. Ogunleye	Vice-President
M. L. Yuma	Secretary General
K. K. Dei-Anang	General Counsel
J. M. Walker	Internal Auditor
I. U. Iheme	Director—Treasury Department
S. B. Badinga	Director—Controller's Department

The London resident representative is El Hag Said.

CO-OPERATION WITH THE WORLD BANK AND OTHER DEVELOPMENT INSTITUTIONS

The Bank collaborates regularly in its financing activities with the World Bank. It also maintains close relations with other international development institutions such as the United Nations Development Programme, the Food and Agriculture Organisation ("FAO") and the World Health Organisation ("WHO"), and periodically consults with the Asian Development Bank and the Inter-American Development Bank. The Bank also co-operates closely with the Organisation of African Unity, the Economic Commission for Africa and with UNESCO to further the cause of African development.

As an example of such joint operations, during 1983 the Bank co-operated with FAO, UNESCO and WHO on a cost-sharing basis in providing technical assistance to member countries for identifying and preparing projects in their respective special fields of agriculture, education and health. In addition a number of projects have been co-financed by the Bank with various Arab development institutions such as the Kuwait Fund for Economic Development, the Saudi Development Fund, the Abu Dhabi Development Fund, the Arab Fund for Economic and Social Development and the Arab Bank for the Economic Development for Africa.

TECHNICAL ASSISTANCE PROGRAMMES

One of the functions of the Bank under the Agreement is to provide technical assistance in Africa for the study, preparation, financing and execution of development projects or programmes. The assistance may be provided directly to the governments of member countries or to institutions within these countries. Amongst institutional beneficiaries of such assistance in the past were the Onchocerciasis Control Fund, the Tropical Diseases Fund and the ECA Regional Data Centre. Such assistance is generally on a non-reimbursable basis.

The Bank's direct technical assistance to regional members has to date been limited to providing advisory services to national and sub-regional development and financial institutions on a non-reimbursable basis. In order to supplement the limited resources at its disposal, the Bank has made arrangements to obtain financial assistance from non-member governments and international institutions.

FISCAL YEAR, REPORTS AND ALLOCATION OF EARNINGS.

Fiscal Year

The fiscal year of the Bank is the calendar year.

Reports

The Bank publishes an Annual Report containing its audited Financial Statements and also transmits quarterly to members summary statements of the financial position and a profit and loss statement showing separately the results of its ordinary operations.

Allocation of Earnings

The Board of Governors determines annually what part of the net income of the Bank, including the net income accruing to its Special Funds, shall be allocated – after making provision for reserves – to surplus and what part, if any, shall be distributed.

No part of the net income of the ordinary capital resources has yet been distributed by the Bank as dividends to its members. During the last 5 years, the Board of Governors has allocated such net income to a general reserve for general purposes.

ORDINARY OPERATIONS OF THE BANK

The Bank's ordinary operations are those financed from the Bank's ordinary capital resources which include subscribed capital stock and income from loans and guarantees and other funds or income received by the Bank in its ordinary operations and borrowings.

Lending Operations

Under the Agreement, the total amount outstanding of loans and guarantees made by the Bank may not at any time exceed the total amount of the subscribed capital of the Bank, plus the unimpaired reserves and surplus included in its ordinary capital resources, excepting, however, the Special Reserve which is not available for loans or guarantees. At 30 June, 1984 the total amount of outstanding loans and guarantees made by the Bank from its ordinary resources operations as a percentage of total ordinary capital resources was 43 per cent. At 30 June, 1984 the total amount of disbursed and outstanding loans represented 14.4 per cent. of the Bank's total ordinary capital resources.

The Bank has not suffered any losses on its loans in its ordinary operations. While occasional delays have occurred in the payment of loan service charges, these have not been material to its operations, and current delays are insignificant. The Bank follows a policy of not renegotiating loans or taking part in general multilateral loan rescheduling agreements.

In order for the Bank to protect itself against exchange risks, the Agreement further provides that the total amount of principal outstanding and payable to the Bank in a specific currency shall not at any time exceed the total amount of principal outstanding in respect of funds borrowed by the Bank that are payable in the same currency.

The loan regulations of the Bank require that a loan shall be expressed in terms of the Unit of Account. The principal of, and interest on, a loan is repayable in the currency or currencies disbursed by the Bank, and the amount repayable in each currency is the equivalent (determined as of the date or the respective dates of repayment) of the value of the currency or currencies disbursed expressed in terms of the Unit of Account, determined as of the respective dates of disbursement.

The Bank makes loans to either governments or governmental authorities of regional members or private enterprises in the territories of regional members. In the case of loans to borrowers other than national governments, central banks, or other governmental or inter-governmental entities, the Bank has followed the general policy, with one exception, of requiring that the government, or an agency thereof engaging the full faith and credit of the government, guarantee the loan.

The Bank's lending operations are, pursuant to the provisions of the Agreement, required to be conducted in accordance with the operational principles of the Agreement which include:—

a. the operations of the Bank shall, except in special circumstances, provide for the financing of specific projects, or groups of projects, particularly those forming part of a national or regional development programme urgently required for the economic or social development of its regional members;

b. the Bank shall not provide for the financing of a project to the extent that in its opinion the recipient may obtain the finance or facilities elsewhere on terms that the Bank considers are reasonable for the recipient;

c. the proceeds of any loan, investment or other financing undertaken in the ordinary operations of the Bank shall generally be used only for procurement in member states of goods and services produced in member states;

d. in making or guaranteeing a loan, the Bank shall pay due regard to the prospects that the borrower and the guarantor, if any, will be in a position to meet their obligations under the loan;

e. in the case of a direct loan made by the Bank, the borrower shall be permitted by the Bank to draw its funds only to meet expenditure in connection with the project as it is actually incurred;

f. the Bank shall make arrangements to ensure that the proceeds of any loan made or guaranteed by it are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency; and

g. the Bank shall apply sound banking principles to its operations and, in particular, to its investments in equity capital. It shall not assume responsibility for managing any institution or undertaking in which it has an investment.

It is the policy of the Board of Directors to consider loans only on the basis of written reports prepared by the staff. These reports set forth in detail information regarding the technical feasibility of the project and relevant financial and legal matters, as well as the economic situation of the country of the borrower. As a general rule, the Bank provides financing to cover the foreign exchange expenditures incurred in a project. In special cases the Bank also finances expenditures in national currencies to a limited extent. The Bank normally will not lend more than 50 per cent. of the total cost of the project to be financed, the balance to be funded by other sources. The Bank has not undertaken to guarantee any loans made by others.

Loans Approved

In evaluating the projects that it proposes to finance, the Bank considers such factors as economic, technical and financial feasibility, the effect on the general development activity of the country concerned, the contribution to the removal of impediments to economic development, the capacity of the borrowing country to service additional external debt, the balance of payments effects and the expansion of employment opportunities. Once granted, the Bank supervises the disbursements of its loans to ensure that the proceeds are applied only against project expenditures as incurred and are used by the borrower only for the procurement of goods and services required for the project being financed. In order to monitor the effective implementation of projects being financed, the Bank maintains a continuous relationship with the borrower after a loan is made. The Bank's policy of loan administration and project supervision involves field missions, where necessary, and the submission of progress reports on a regular basis.

Bank lending in 1983 totalled UA 548.0 million (as against UA 361.7 million in 1982) which exceeded planned lending by UA 34.0 million. In percentage terms, growth in lending was 51.5 per cent. as against 30.3 per cent. in 1982.

In 1983, a total of 35 projects were approved for 25 countries. The average size of loans was UA 15.66 million, compared with UA 10.96 million in 1982. The average cost of projects in which the Bank participated amounted to UA 39.48 million in 1983 compared with UA 50.27 million in 1982. The Bank's participation in the total cost of projects rose from 21.8 per cent. in 1982 to 39.7 per cent. in 1983.

Analysis of Loan Approvals

For the five-year plan period 1972-1976, the volume of the Bank's lending was UA 300.82 million while the 1977-1981 plan period yielded a cumulative lending of UA 1,003.12 million. Thus, the Bank's cumulative lending more than tripled in the five-year plan period 1977-1981 compared with the previous plan period. The Bank's lending target in the 1982-1986 lending programme has been set at UA 3,500.00 million.

The following tables show the sectoral distribution of loans, cumulative loan approvals by sector and regional distribution of loans for the period 1980-1983.

Sectoral Distribution of ADB Loans 1980-1983[1]
(million UA)

Sector	*1980*	*%*	*1981*	*%*	*1982*	*%*	*1983*	*%*
Agriculture, including agri-lines of credit	23.90 (4)	10.27	60.58 (9)	21.83	122.37 (11)	33.83	128.22 (8)	23.40
Transport	55.30 (6)	23.76	54.30 (6)	19.57	61.08 (6)	16.89	132.59 (10)	24.19
Public Utilities	58.03 (7)	24.93	70.32 (8)	25.34	110.85 (8)	30.56	180.97 (9)	33.02
Industry, including industrial lines of credit	87.50 (10)	37.60	82.30 (11)	29.66	46.40 (6)	12.83	51.02 (3)	9.31
Education and Health	8.00 (1)	3.44	10.00 (1)	3.60	21.00 (2)	5.80	55.24 (5)	10.08
Total	232.73 (28)	100.00	277.50 (35)	100.00	361.70 (33)	100.00	548.04 (35)	100.00

[1] The figures refer to approved loans. The figures in brackets indicate the number of loans.

AFRICAN DEVELOPMENT BANK

Cumulative Loan Approvals by Sector 1980-1983[1]
(million UA)

Sector	1980	%	1981	%	1982	%	1983	%
Agriculture, including agri-lines of credit ..	166.23 (41)	15.64	226.63 (50)	16.98	328.99 (58)	19.62	449.18 (65)	20.33
Transport	261.56 (68)	24.61	315.86 (74)	23.66	376.94 (80)	22.48	506.63 (90)	22.92
Public Utilities	361.28 (90)	34.00	429.35 (98)	32.16	540.20 (105)	32.22	717.64 (114)	32.47
Industry, including industrial lines of credit	255.64 (61)	24.06	335.19 (72)	25.10	381.42 (78)	22.75	432.17 (81)	19.56
Education and Health ..	18.00 (3)	1.69	28.00 (4)	2.10	49.00 (6)	2.92	104.24 (11)	4.69
Total	1,062.71 (263)	100.00	1,335.02[2] (298)	100.00	1,676.55 (327)	100.00	2,209.86 (361)	100.00

(1) The figures exclude cancellations. The numbers in brackets show the number of loans and do not include the 10 loans cancelled between 1967 and 1983.
(2) Excluding capitalised interests amounting to UA 0.21 million for 2 loans. A charge adjustment amounting to UA 0.20 million for a non-convertible loan is not deducted.

Regional Distribution of Loans 1980-1983

Regions	1980	1981	1982	1983
		%		
Central Africa	20.7	16.4	29.9	27.0
East Africa	43.8	38.8	34.6	39.6
North Africa	12.9	27.8	18.9	17.6
West Africa	22.6	17.0	16.6	15.8

Loan approvals in 1984

By 30 June, Bank lending in 1984 was UA 222.96 million for a total of 14 projects in 12 countries. Based on the programme of work, it is expected that the 1984 lending target of UA 650 million will be attained during the remaining part of this year. In 1984 the level of loans approved less cancellations of UA 15.62 million has risen from UA 2,207.98 million as at 31 December, 1983 to UA 2,415.32 million by 30 June, 1984.

Loan Disbursement by Currency at 30 June, 1984

Currency	Amount outstanding (million UA)	%
U.S. Dollars	279.67	37.18
French Francs	173.31	23.04
Deutsche Marks	162.33	21.58
Canadian Dollars	46.45	6.17
Japanese Yen	82.12	10.92
Others	8.39	1.11
Total	752.27	100.00

Loan Terms

In general, the maturities of the loans extended by the Bank from its ordinary capital resources range from 12 to 20 years, and include grace periods with respect to repayment of principal ranging from two to five years.

The Board of Directors sets the minimum rates of interest at which the Bank lends its funds. The interest rate specified on a loan at the time of its approval remains fixed throughout the term of the loan. From its establishment to 31 December, 1970, the Bank's interest rate applied to ordinary lending operations for approved loans was between 5 per cent. and 5½ per cent., from 1 January, 1971 to 31 December, 1975 it was 6 per cent., from 1 January, 1976 to 30 June, 1982 it was 7 per cent., from 1 July, 1982 to 30 June, 1984 it was 9.5 per cent. and since 1 July, 1984 it has been 9.86 per cent. The interest rate charged on credit lines granted to development finance institutions of regional Member States has in some instances differed from that set for approved loans, and is currently 10 per cent. per annum. A commitment fee of 1 per cent. per annum is charged on the undisbursed portions of the Bank's loans. In addition to interest charges, a commission of 1 per cent. per annum on the outstanding amount of the loan or guarantee is also payable, as required by the Agreement. The Board of Directors has decided that the lending rate will be reviewed regularly in light of the Bank's cost of funds.

Borrowing Policy

The Board of Directors has authorised in principle the issue of two classes of debt securities, each class to rank *pari passu* with all other debt obligations of the Bank except in the event of a default resulting in a call on the callable capital of the Bank, in which case one class of debt securities ("subordinated debt") will be subordinated in right of payment to holders of debt which is not expressly so subordinated ("senior debt"). The Bank believes that its authority to issue subordinated debt enhances the potential borrowing capacity of the Bank without impairing the principle that its senior debt should not exceed a stated percentage of the callable capital of its non-borrowing member countries, as described below. All debt of the Bank will be deemed to be senior debt unless by its terms it is expressly subordinated in right of payment to other debt of the Bank. To date, the Bank has not issued any subordinated debt.

Limitations on Borrowings: It is the policy of the Board of Directors to limit the Bank's borrowings represented by senior debt for inclusion in its ordinary capital resources, together with guarantees chargeable to such resources, to 80 per cent. of the callable capital of its non-borrowing member countries and to limit its total borrowings represented by both senior and subordinated debt to 80 per cent. of the total callable capital of all its members. The Bank has also adopted the working principle that, within the limitations set forth above, the actual limitation of the total amount of its senior debt outstanding at any time should be a function of the need to obtain and maintain a rating on its securities at the highest level from recognised rating organisations. At 30 June, 1984 the callable capital of the non-borrowing member countries (Algeria, Libya and Nigeria and the non-regional members) was UA 2,019.36 million. The senior debt outstanding at that date was 23.6 per cent. of such callable capital.

Subordinated Debt: The Bank contemplates that any issue of its subordinated debt will expressly provide by its terms that in the event of a call by the Bank on its callable capital, the holders of subordinated debt will be subordinated in their right to receive payment until all holders of senior debt of the Bank are paid in full.

Funding Operations

The Bank at present derives the funds required for its ordinary operations from paid-up capital subscribed by the members, borrowings and its income from loans made by it and its other ordinary operations. In the initial years of the Bank's operations its lending programme was financed entirely by its paid-up capital stock which still plays the most significant role in supporting the Bank's loan portfolio. Since 1973, however, the Bank has supplemented its capital base to an increasing extent by borrowings. This trend is reflected in the increase in the average cost of debt funding as shown below.

As at 30 June, 1984, the maturity structure of approved loans less cancellations and repayments and of outstanding loans was as follows:—

	Approved loans less cancellations and repayments	Outstanding loans
	(million UA)	
Up to 1989	343.88	115.55
1990-1994	868.18	291.73
1995-1999	675.19	226.88
2000 and thereafter	354.74	118.11
Total	2,241.99	752.27

The return on average earning assets and the average cost of funded debt were as follows:—

	31 December, 1980	1981	1982	1983	30 June,[1] 1984
Return on average earning assets[2] % ..	9.4	9.1	8.6	8.7	8.3
Average cost of funded debt[3] % ..	11.5	11.5	9.8	10.1	9.4
Average cost of funds available[3] % ..	5.8	5.2	4.3	4.3	3.8
Financial charges coverage ratio[4] (times)	1.24	1.25	1.33	1.38	1.68

(1) Annualised where applicable.
(2) Interest and net realised gains or losses on investments, interest on disbursed and outstanding loans, and commitment charges on undisbursed loans as a percentage of average liquid investments and disbursed and outstanding loans.
(3) Interest expenses, as a percentage of average specified funds.
(4) Net income before statutory commission plus interest expense divided by interest expense.

The Bank's available resources as at 30 June, 1984 comprising called paid-up capital, subscriptions paid in advance, reserves, unallocated net income and outstanding borrowings amounted to UA 1,364.09 million compared to UA 1,152.5 million as at 31 December, 1983. The increase of UA 211.59 million was essentially derived from additional subscriptions and borrowings.

Borrowings

By 30 June, 1984 the Bank had borrowed in 1984 an amount of UA 96.08 million by issuing public bonds in Germany (UA 34.83 million) and by arranging a loan with a syndicate of Japanese banks (UA 61.25 million). As at 30 June, 1984, the total cumulative borrowings net of repayments were UA 1,194.05 million, of which UA 476.73 million were drawn and outstanding and UA 717.32 million were undrawn.

The maturity structure of the Bank's outstanding borrowings as at 30 June, 1984, was as follows:—

During the period	Amount maturing (million UA)
1984 (6 months)	0.74
1985-1989	264.05
1990-1994	174.96
1995-1999	28.17
2000 and thereafter	8.81
Total	476.73

Liquidity Policy

In order to meet disbursements on its loans and debt repayments and to maintain flexibility in the amount and timing of its borrowings, the Bank has a policy of endeavouring to maintain liquid assets in amounts equal to twice the *budget year's forecast disbursement* plus an additional amount equal to the forthcoming year's debt service. The investment of the Bank's liquid assets (both deposits and securities) is restricted to final maturities (at the time of purchase) of not more than three years. As at 30 June, 1984, the Bank's cash and investments amounted to UA 333.6 million or 22.4 per cent. of the undisbursed portion of approved loans, and 70 per cent. of outstanding borrowings. As at 30 June, 1984, the maturity structure of the Bank's liquid investments was as follows:—

	(million UA)	%
Maturing:—		
Within 1 month	42.0	15.73
More than 1 month but less than 3 months	124.52	46.65
More than 3 months but less than 6 months	83.87	31.42
More than 6 months but less than 12 months	3.68	1.38
More than 12 months	12.88	4.82
Total	266.95	100.00

Equity Participations

The Agreement provides that the total amount outstanding in respect of equity participations made out of the ordinary capital resources of the Bank must not exceed 10 per cent. of the aggregate amount of the paid-up capital stock of the Bank together with the reserves and surplus included in its ordinary capital resources, excepting the Special Reserve. The Bank is not permitted to hold a controlling interest in any entity in which it has such a participation. The Bank's equity participations are:—

(i) African development institutions

The Bank has subscribed to the capital stock of five regional, sub-regional and national development institutions in Africa in connection with its support of the financing activities of these institutions. At 30 June, 1984, the most substantial of these participations were participations in the Development Bank of Central African States (authorised capital – UA 155.29 million, paid-in capital – UA 26.53 million, the Bank's subscription – UA 3.23 million (2.08 per cent.)) and in the East African Development Bank (authorised capital – SDR 40 million, paid-in capital – SDR 13 million, the Bank's subscription – UA 980,000 (2.45 per cent.)).

(ii) The African Reinsurance Corporation ("Africa-Re")

The Bank assisted in the establishment of Africa-Re in February 1976. The purpose of Africa-Re is to encourage the development of the insurance and reinsurance industry in Africa and to promote the growth of national and regional underwriting capacities. It is intended that its principal business will be the reinsurance of Africa-related risk both with African companies and in the international markets. Operations commenced at the beginning of 1978.

Africa-Re is an international organisation with an authorised capital of US$15 million, two-thirds of which is available for subscription. Subscriptions are payable immediately to the extent of 50 per cent. with the remaining 50 per cent. subject to call. The Bank has an equity participation of 10 per cent. of the total subscribed capital, amounting to UA 414,473. The Bank has a representative on the nine-member Board of Directors; the other shareholders are regional members of the Bank. The liability of members is limited to the unpaid portion of their subscriptions.

(iii) Société Internationale Financière pour les Investissements et le Développement en Afrique S.A. ("Sifida")

The Bank owns approximately 5.73 per cent. of Sifida. The other shareholders include private and public institutional shareholders in Europe, North America and the Middle East. Sifida is incorporated in Switzerland and its purpose is to promote private investment in independent developing African states.

(iv) Shelter-Afrique—Company for Habitat and Housing in Africa ("Shelter-Afrique")

The Bank assisted in the establishment of Shelter-Afrique on 11 May, 1982, the main purpose of which is to inject capital into, and provide technical assistance to, existing as well as new low and middle-income housing development operations in its African member states, thus freeing the Bank itself from the need for direct intervention in this specialised area of development. This institution consists of 21 regional members of the Bank, the Bank itself, and Africa-Re. Membership is also open to financial institutions in the public sector and banks.

Shelter-Afrique is an international organisation with its headquarters in Nairobi, Kenya. It has an authorised capital of US$ 40 million of which 50 per cent. is callable and 50 per cent. is paid-up. A total amount of US$ 12.3 million has been paid-in against the subscribed capital. The Bank's share of the authorised capital is US$ 10,000,000 (25 per cent.), and it has two representatives on the ten-member Board of Directors. The liability of members is limited to the unpaid portion of their subscriptions.

SPECIAL OPERATIONS OF THE BANK

Under the Agreement, the Bank may establish or be entrusted with the administration of Special and Trust Funds designed to serve a purpose or function similar to that of the Bank. The total amount outstanding in respect of the special operations of the Bank relating to any Special Fund may not exceed the total amount of the unimpaired special resources appertaining to that Special Fund.

The resources of Special and Trust Funds are required at all times to be held, used, obligated, invested or otherwise disposed of separately from the ordinary capital resources of the Bank and from each other. These funds are subject to their own special rules and regulations. Where such rules and regulations do not apply, the Special and Trust Funds are governed by the provisions of the Agreement.

The two major Funds administered by the Bank are the African Development Fund and the Nigeria Trust Fund, both of which supplement the activities of the Bank.

(i) African Development Fund ("ADF")

The ADF was established in 1972 pursuant to an agreement between the Bank and 15 non-regional members to provide finance on concessionary terms to the Bank's regional members. The ADF is a separate entity, the resources of which are separate from those of the Bank. The Bank is not liable for the obligations of the ADF. Participation in the ADF has increased since its establishment and now comprises the Bank and 25 state participants: Argentina, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, the Federal Republic of Germany, India, Italy, Japan, the Republic of Korea, Kuwait, The Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, the United States of America and Yugoslavia.

The African Development Fund uses the Fund Unit of Account ("FUA") as a measure of the subscriptions of its participants and of its loans and for statistical and financial reporting purposes. The FUA is equivalent to SDR 0.921052. As at 30 June, 1984 1 FUA = £0.702150.

The purpose of the ADF is to assist the Bank in making an effective contribution to the economic and social development of the regional members and to the promotion of co-operation among them. In achieving this aim, the operations of the ADF supplement those of the Bank since, in contrast to the lending policy of the Bank, the ADF furnishes long-term finance for low-return projects (especially those in the rural development and the social sectors) on concessionary terms.

The ADF makes loans for projects with repayment over 50 years (including a 10-year grace period) and with a service charge of ¾ per cent. per annum. By 30 June, the ADF had financed 18 projects for a total of FUA 128 million during the course of 1984. The level of loans approved less cancellations of FUA 22.67 million in 1984 was FUA 1,963.47 million at 30 June, 1984 as compared to FUA 1,858.14 million at 31 December, 1983.

(ii) Nigeria Trust Fund ("NTF")

The agreement establishing the NTF was signed on 26 February, 1976, between the Bank and the Federal Government of Nigeria and became effective on 25 April, 1976.

The purpose of the NTF is to assist in the economic development of the economies of the most needy regional members of the Bank by the provision of funds on terms intermediate between those of the Bank and those of the ADF, i.e., an interest rate at 4 per cent., a repayment period of 25 years including a grace period of five years and a commitment fee of ¾ per cent. per annum. The resources of the NTF come from capital contributed by the Federal Government of Nigeria as well as from the net income of the NTF.

As at 30 June, 1984, the NTF's assets were UA 231.3 million and as of that date its loan commitments aggregated UA 91.6 million, of which UA 36.8 million had been disbursed.

(iii) Other Funds

The Bank has been entrusted with the administration of two other Funds, the Arab Oil Fund, restricted to making soft loans to specific African countries, and the Special Relief Fund, designed to supply aid to African countries affected by drought. The balance in these Funds, as at 30 June, 1984, was UA 14.1 million and UA 0.3 million, respectively.

FINANCIAL STATEMENTS — ORDINARY CAPITAL RESOURCES

Report of the External Auditors – Ordinary Capital Resources

Akintola Williams & Co
B.P. 5393
Douala
Cameroon

Z. Hassan, H. Hassan & Co
34, Abdel Khalek Sarwat Street
Cairo
Egypt

Board of Governors
African Development Bank
01 BP 1387
Abidjan 01
Ivory Coast

We have examined the financial statements Annex I-1 to I-9 of the African Development Bank – Ordinary Capital Resources. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the African Development Bank – Ordinary Capital Resources at 31 December, 1983 and 1982, and the results of its operations and the changes in its financial position for each of the five years to the period ended 31 December, 1983, in accordance with the Agreement Establishing the Bank and in conformity with accounting principles generally accepted internationally and applied on a consistent basis.

AKINTOLA WILLIAMS & CO
Chartered Accountants

Z. HASSAN, H. HASSAN & CO
Public Accountants

Abidjan, 22 October, 1984

Index to Financial Statements – Ordinary Capital Resources
(Financial Statements for the six months ended 30 June, 1983 and 30 June, 1984 are unaudited)

AFRICAN DEVELOPMENT BANK — Annex I-1
Balance Sheet
(Expressed in Units of Account – Note B-1)

Assets	30 June, 1984 (Unaudited)	31 December, 1983	31 December, 1982
	UA	UA	UA
Due from Banks	66,605,911	[illegible]	[illegible]
Demand Obligations	—	[illegible]	—
Investments			
Time Deposits with banks	176,966,714	63,649,714	[illegible]
Other investments (Note I)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Non-negotiable instruments (Note H)	[illegible]	[illegible]	[illegible]
Amounts Receivable			
Accrued income	[illegible]	[illegible]	[illegible]
Amounts receivable and sundries	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Due from Members on Subscriptions (Annex I-8)			
Arrears on subscriptions	[illegible]	[illegible]	[illegible]
Non-negotiable instruments not deposited	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Loans (Note D) (Annex I-9)			
Approved loans less cancellations	[illegible]	[illegible]	[illegible]
Less Loans unsigned	[illegible]	[illegible]	[illegible]
Loans signed	[illegible]	[illegible]	[illegible]
Less Undisbursed	[illegible]	[illegible]	[illegible]
Loans disbursed	[illegible]	[illegible]	[illegible]
Less Repayments	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Equity Participation (At cost) (Note K)			
ADF	[illegible]	[illegible]	[illegible]
Other Development Institutions	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Fixed Assets (Note L)	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Assets of Special Funds (Note D) (Annex I-6)	[illegible]	[illegible]	[illegible]
Assets of Trust Funds (Note E)	[illegible]	[illegible]	[illegible]
Assets of Shelter-Afrique	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK — Annex I-1
Balance Sheet
(Expressed in Units of Account – Note B-1)

Liabilities, Reserves and Capital	30 June, 1984 (Unaudited)	31 December, 1983	31 December, 1982
	UA	UA	UA
Accounts Payable and Sundries	[illegible]	[illegible]	[illegible]
Borrowings (Annex I-5)	[illegible]	[illegible]	[illegible]
Grants (Note O)	[illegible]	[illegible]	[illegible]
Reserves (Annex I-7)			
Special Reserve (Note F)	[illegible]	[illegible]	[illegible]
Sinking Fund (ADF)	[illegible]	[illegible]	[illegible]
Reserve for conversion	[illegible]	[illegible]	[illegible]
Reserve for Revaluation of currency values	[illegible]	[illegible]	[illegible]
General reserve	[illegible]	[illegible]	[illegible]
Net income for the year	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Capital (Note G) (Annex I-8)			
Authorised	[illegible]	[illegible]	[illegible]
Less Unsubscribed	[illegible]	[illegible]	[illegible]
Subscribed Capital	[illegible]	[illegible]	[illegible]
Less Callable Capital	[illegible]	[illegible]	[illegible]
Paid-up Capital	[illegible]	[illegible]	[illegible]
Less Uncalled portion	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Add: Subscriptions paid in advance	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]
Special Funds (Note D) (Annex I-6)	240,051,574	[illegible]	[illegible]
Trust Funds (Note E)	14,017,415	[illegible]	13,109,157
Shelter-Afrique Resources	14,134,756	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK — Annex I-2
Ordinary Capital Resources
Statement of Income and Expenditure
(Expressed in Units of Account—Note B-1)

	Six months ended 30 June (Unaudited) 1984	1983	Years ended 31 December 1983	1982	1981	1980	1979
	UA	UA	UA	UA	UA	UA	UA
INCOME							
From Loans							
Interest	25,128,242	20,265,810	43,434,965	34,506,050	27,976,724	[illegible]	[illegible]
Commitment Charges	[illegible]	[illegible]	7,191,829	[illegible]	3,956,415	[illegible]	[illegible]
Statutory Commission	3,592,172	2,969,966	6,318,512	5,124,195	4,226,361	3,531,153	2,749,161
	33,460,956	26,742,468	56,945,306	44,879,918	[illegible]	[illegible]	[illegible]
From Investments	[illegible]	[illegible]	15,642,274	[illegible]	[illegible]	[illegible]	[illegible]
From Other Sources	1,163,618	1,544,067	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross Income	43,106,341	[illegible]	75,676,905	64,621,382	[illegible]	[illegible]	[illegible]
EXPENDITURE							
Board of Governors	661,991	[illegible]	911,534	755,055	751,540	[illegible]	[illegible]
Board of Directors	1,149,055	[illegible]	2,650,667	1,518,378	1,103,257	1,146,594	1,127,554
Personnel Services	11,310,349	9,755,660	21,195,110	18,760,279	14,350,219	12,379,441	[illegible]
General Administrative Expenses (Note M)	3,363,566	3,341,945	9,220,503	[illegible]	[illegible]	5,557,190	7,414,662
Technical Assistance to Member Countries	—	327,072	391,227	529,472	[illegible]	[illegible]	[illegible]
Total Administrative Expenses ..	16,504,961	15,172,274	34,566,961	30,452,947	[illegible]	[illegible]	19,724,160
Less: Management Fees (Note N) ..	[illegible]	[illegible]	(16,592,094)	(14,970,933)	[illegible]	[illegible]	(7,441,367)
	7,852,914	6,334,058	17,976,867	15,482,014	13,297,104	[illegible]	12,282,793
Add: Financial Charges	[illegible]	15,957,745	38,948,017	33,873,043	37,010,733	41,136,172	[illegible]
Depreciation	1,405,514	1,405,319	2,810,832	[illegible]	[illegible]	2,561,309	[illegible]
	30,171,725	23,697,122	59,735,716	52,164,850	52,883,236	54,442,902	36,613,431
	13,004,616	6,606,751	16,141,189	12,456,532	10,431,431	10,217,505	6,639,578
Add (Deduct): Gain (Loss) on Exchange (net)	2,151,006	(1,168,978)	(1,318,567)	(1,410,069)	(1,021,455)	(425,156)	123,474
	14,155,622	7,437,773	14,822,622	11,046,463	[illegible]	[illegible]	[illegible]
Deduct: Statutory Commission (Note F)	(3,592,172)	(2,969,966)	(6,318,512)	(5,124,195)	(4,226,361)	(3,531,153)	(2,749,161)
Net Income	10,563,450	4,467,807	8,504,110	5,922,268	5,183,607	6,261,214	[illegible]

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK — Annex I-3
Statement of Changes in Financial Position
(Expressed in Units of Account—Note B-1)

	Six months ended 30 June (Unaudited) 1984	1983	Years ended 31 December 1983	1982	1981	1980	1979
	UA	UA	UA	UA	UA	UA	UA
Source of Funds:							
Operations:							
Net income (see Annex I-2) ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Special Reserve	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Items not requiring or providing cash:							
Accrued income on loans and investments ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash provided by operations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Borrowings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Receipt on capital subscriptions (net of demand notes) ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Repayments on loans to the Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Difference on conversion of currencies ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other resources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Application of Funds:							
Disbursements on loans ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity participation ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital expenditure ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Repayments on borrowings ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Increase (Decrease) in Funds available for operations ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Analysis of Components of Funds							
Increase (Decrease):							
Cash at banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short-term investments ..	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

Annex I-4

Notes to the Financial Statements for the Five Years ended 31 December, 1983 and the Six Months ended 30 June, 1983 and 30 June, 1984.

The figures for the Six Months ended 30 June, 1983 and 30 June, 1984 are unaudited.

Note A – Operations

The African Development Bank (the Bank) was established as an international institution to contribute to the economic and social progress of its Member States by using the resources at its disposal to finance related investment projects and programmes in Member States, either unilaterally or in co-operation with other development institutions, whether of national or international status. In furtherance of this aim, the Bank participates in the selection, study and preparation of projects contributing to such development and, where necessary, providing technical assistance. The Bank also mobilises resources for financing of these investments and promotes investments in Africa of public and private capital in projects and programmes designed to contribute to the economic and social progress of the Member States.

Note B – Summary of Significant Accounting Policies

The accounting policies employed by the Bank are consistent with internationally accepted accounting principles promulgated by the International Accounting Standards Committee. The more significant accounting policies are summarised below.

1. Monetary basis of Financial Statements

1.1 The financial statements are expressed in Units of Account. The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement Establishing the Bank (the Agreement) as 0.88867088 gramme of fine gold.

1.2 Under Article 26 of the Agreement, whenever it shall become necessary to value any currency in terms of another currency, in terms of gold or of the Unit of Account, such revaluation shall be reasonably made by the Bank after consultation with the International Monetary Fund (IMF). In compliance with these provisions, the Board of Directors resolved on 8 February, 1978, pursuant to Article 26 of the Agreement, that with effect from 31 December, 1977 and for all the Bank's accounting purposes, the weight of gold of the Unit of Account shall be deemed and understood to be equivalent in value to one Special Drawing Right (SDR) of the International Monetary Fund as the same shall be determined from time to time. Subsequently, on 4 May, 1978, the Board of Governors decided by Resolution 6-78 to redefine the Unit of Account to be equivalent to one Special Drawing Right of the International Monetary Fund. Pending the ratification of this decision, the Unit of Account has been valued as equivalent to 1 SDR.

1.3 Income and Expenditure Accounts in currencies have been translated into Units of Account at the rates prevailing on the last day of the quarter preceding the date of transaction.

Assets and Liabilities other than those denominated in Units of Account are translated into Units of Account at rates prevailing at the balance sheet dates.

Translation adjustments and conversion gains or losses on subscriptions are credited or debited to the reserve for revaluation and conversion of currency values.

Where currencies are converted into any other currency, the resulting gain or loss is included in the determination of net income.

2. Fixed Assets

Fixed assets are treated in the accounts on the following basis:—

2.1 Land is stated at cost, including charges for reclamation. No depreciation is provided.

2.2 Buildings are shown at cost less depreciation provided to date. Depreciation is calculated at a rate which is expected to amortize the cost in equal annual instalments over the useful life which is estimated at between 15 and 20 years. The financial charges incurred in connection with borrowed funds for the construction of buildings were capitalised during the construction period.

2.3 Furniture, fixtures, equipment and motor vehicles are written off in the years of purchase.

3. Investments

Investments generally comprise high grade time instruments of short maturity. Part of the investments are managed by the Bank itself and the balance is entrusted to professional portfolio managers.

Investments managed by the Bank are valued at cost after taking into account the amortization of premiums and accretion of discounts, since it is intended that such investments should be held to maturity date.

Investments under professional portfolio management are valued at the lower of cost or market value, income being construed as realised capital gains and interest earned less provision for any unrealised losses.

During the six months ended 30 June, 1984 provision has been made for a loss of UA 1,160,311, since market value was lower than cost.

Note C – Exchange Rates

The rates used for translating currencies into Units of Account at 30 June, 1984 and 1983 and 31 December, 1983 and 1982 are as follows:—

		30 June, (Unaudited) 1984	1983	31 December, 1983	1982
1 UA = 1 SDR =	Algerian Dinar	5.084587	5.12115	5.14733	5.11347
	Austrian Schilling	20.1354	19.1502	20.2491	18.4378
	Belgian Franc	58.4491	54.4164	58.2523	51.7579
	Botswana Pula	—	1.16354	—	—
	Brazilian Cruzeiro	1772.65	—	—	—
	Canadian Dollar	1.36058	1.31119	1.30282	1.36491
	CFA Franc	440.559	407.98	436.971	371.53
	Danish Krone	10.5312	9.76098	10.3386	9.24847
	Deutsche Mark	2.8711	2.71564	2.85168	2.62154
	Finnish Markka	6.08517	5.91973	6.08278	5.83656
	French Franc	8.81117	8.15952	8.73942	7.43059
	Indian Rupee	11.5494	—	—	—
	Italian Lira	1,769.58	1,611.34	1,737.41	1,511.26
	Japanese Yen	244.913	256.083	243.102	259.31
	Kenyan Shilling	14.7868	14.06	14.4172	14.06
	Kuwaiti Dinar	0.302783	0.312866	0.305737	0.318990
	Libyan Dinar	0.305293	0.316288	0.309953	0.326576
	Mauritian Rupee	—	12.4057	13.3347	11.9803
	Netherlands Guilder	3.24428	3.04319	3.20838	2.89511
	Nigerian Naira	—	0.758416	0.783705	0.754366
	Norwegian Krone	8.24090	7.79361	8.06361	7.78134
	Portuguese Escudo	148.199	—	—	—
	Pound Sterling	0.762335	0.698085	0.721736	0.683252
	Spanish Peseta	162.823	—	—	—
	Saudi Arabian Riyal	0.61439	—	—	—
	Swedish Krona	8.43946	8.16486	8.37665	8.05984
	Swiss Franc	2.40293	2.24834	2.28183	2.20015
	Ugandan Shilling	—	—	—	—
	U.S. Dollar	1.03121	1.06835	1.04695	1.10311
	Yugoslavian Dinar	147.666	—	—	—
	Zambian Kwacha	—	1.2803	1.61733	1.06188
	Zimbabwe Dollar	1.23869	—	—	—

No representation is made that any currency held by the Bank can be, could be or could have been converted into any other currency at the cross rates resulting from the rates indicated above.

Note D – Special Funds

Under Article 8 of the Agreement Establishing the Bank, the Bank may establish or be entrusted with the administration of special funds. At 30 June, 1984 and 1983 and 31 December, 1983 and 1982 there were the following funds whose assets were held separate from those of the ordinary capital resources.

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
Nigeria Trust Fund	231,264,951	196,178,002	208,089,074	183,270,109
Staff Provident Fund	8,454,304	7,227,659	8,792,784	7,029,203
Special Relief Fund	332,319	308,840	327,652	288,941
	240,051,574	203,714,501	217,209,510	190,588,253

Note E – Trust Funds

The Bank has been entrusted per Resolutions 11-70 and 19-74 of the Board of Governors with the administration of the Mamoun Beheiry Fund and the Arab Oil Fund.

The position of these Trust Funds at 30 June, 1984 and 1983 and 31 December, 1983 and 1982 are as follows:—

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
A) Arab Oil Fund				
Accumulated Fund	14,012,665	13,525,530	13,801,996	13,099,328
Represented by: Loans disbursed	14,012,665	13,525,530	13,801,996	13,099,328
B) Mamoun Beheiry Fund				
Original fund	3,000	3,000	3,000	3,000
Income from Investments	1,747	1,929	1,903	1,859
Accumulated Fund	4,747	4,929	4,903	4,859
Represented by: Short-term Investments	4,747	4,929	4,903	4,859
Total of Resources and Assets of Trust Funds	14,017,412	13,530,459	13,806,899	13,104,187

Note F – Special Reserve

Commissions received on loans have been set aside pursuant to Article 20 of the Agreement Establishing the Bank, as a special reserve to be held in liquid form and to be used for the purposes of meeting liabilities of the Bank on its borrowings and guarantees.

On all loans granted to date, the rate of commission is 1 per cent. per annum.

Note G – Capital Stock

The authorised capital of the Bank consists of 525,000 shares (1982 and 1983: 525,000 shares) having a par value of 10,000 Units of Account each. The last increase of shares was decided by the Board of Governors (Resolution 06-79). This increased the paid-up and callable portions of authorised capital by UA 45,390,000 and UA 136,170,000, respectively, to UA 1,276,830,000 and UA 3,830,490,000. The subscribed capital has increased from UA 4,925,760,000 as at 30 June, 1983 to UA 5,107,320,000 as at 30 June, 1984. The increase of UA 181,560,000 represents the new shares taken during the period. The subscribed capital increased from UA 3,865,560,000 as at 31 December, 1982 to UA 5,048,120,000 as at 31 December, 1983. The increase of UA 1,182,560,000 represents the new shares taken during the year 1983.

Note H – Non-negotiable Instruments

Non-negotiable instruments represent subscription payments made by Member States in accordance with Board of Governors Resolution No. 06-81. These instruments bear no interest and are payable at par value.

Note I – Other Investments

The composition of other investments is as follows:—

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
Floating rate US dollar certificates of deposit	10,462,080	12,192,737	12,234,851	11,953,394
Straight Bonds	21,652,592	3,190,330	5,238,645	7,978,634
Portfolio Investments	57,692,623	62,039,214	57,532,576	57,678,581
Total	89,987,255	77,422,281	75,006,072	77,610,609

Note J – Loans

Signed loans are denominated in Units of Account. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank, or at the option of the Bank in such other freely convertible currency or currencies determined by the Bank.

The amount repayable in each currency shall be the equivalent (as of the date or dates of repayment) of the value of the currency or currencies disbursed expressed in terms of the Units of Account, determined as of the respective dates of disbursement. Loans are granted for a maximum period of twenty years including the grace period which is related to the timetable for implementation.

At 30 June, 1984:—

(i) Agreements for approved loans amounting to UA 158,320,000 (1983: UA 97,293,000) had not been signed.

(ii) In respect of the undisbursed balances of signed loans the Bank may enter into special irrevocable commitments to pay amounts to the borrowers or others in respect of costs of goods and services to be financed under loan agreements. The Bank has issued irrevocable reimbursement guarantees to commercial banks for amounts totalling UA 34,825,664 (1983: UA 26,137,998) on undisbursed loans.

At 31 December, 1983:—

(i) Agreements for approved loans amounting to UA 304,742,000 (1982: UA 129,450,000) had not been signed.

(ii) In respect of the undisbursed balances of signed loans the Bank may enter into special irrevocable commitments to pay amounts to the borrowers or others in respect of costs of goods and services to be financed under loan agreements. The Bank has issued irrevocable reimbursement guarantees to commercial banks for amounts totalling UA 15,678,769 (1982: UA 29,223,695) on undisbursed loans.

Note K – Equity Participation

As at 30 June, 1984 and 1983 and 31 December, 1983 and 1982 the Bank's equity participations are as follows:—

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
ADF	35,893,749	27,610,407	35,893,749	27,610,407
Africa-Re	414,473	414,473	414,473	414,473
SIFIDA	924,811	924,811	924,811	924,811
Development Banks	2,608,911	1,790,856	2,038,259	1,790,856
Shelter-Afrique	4,577,748	4,577,748	4,577,748	4,577,748
Total	44,419,692	35,318,295	43,849,040	35,318,295

The subscriptions of UA 35,893,749 to the African Development Fund includes non-negotiable, non-interest bearing promissory notes payable on demand issued by the Bank in favour of the Fund. The revaluation of these notes as at 30 June, 1984 and 31 December, 1983 is equal to UA 37,091,430 and UA 36,533,792 respectively and is included under "Accounts Payable and Sundries" on the Liabilities side of the Balance Sheet.

Note L – Fixed Assets

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
Buildings	55,881,911	55,881,911	55,881,911	55,874,111
Accumulated depreciation	(14,695,414)	(11,884,386)	(13,289,900)	(10,479,067)
	41,186,497	43,997,525	42,592,011	45,395,044
Land	356,721	356,721	356,721	356,721
Net Book Value	41,543,218	44,354,246	42,948,732	45,751,765

Note M – General Administrative Expenses

The total amounts of UA 3,363,566 – 30 June, 1984 (30 June, 1983: UA 3,341,948) and UA 9,220,603 – 31 December, 1983 (31 December, 1982: UA 8,869,763) includes UA 75,197 – 30 June, 1984 (30 June, 1983: UA 70,871) and UA 593,847 – 31 December, 1983 (31 December, 1982: UA 617,346) representing expenditure on the acquisition of office furniture, equipment and motor vehicles. The amount has been written off to the Income and Expenditure Account in consistence with the Bank's accounting policies.

Note N – Management Fees

The amount of UA 8,652,047 – 30 June, 1984 (30 June, 1983: UA 8,838,215) and UA 16,592,094 – 31 December, 1983 (31 December, 1982: UA 14,970,933) represents reimbursements to the Bank by the following entities for their share of expenses relating to offices, staff, organisation, services and facilities for the period.

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
African Development Fund	7,987,306	8,260,874	15,165,081	13,807,957
Nigeria Trust Fund	657,195	518,465	1,204,214	1,046,444
Association of African Development Finance Institutions	7,546	8,518	16,341	17,958
IFAD	—	50,358	206,458	98,574
	8,652,047	8,838,215	16,592,094	14,970,933

Note O – Grants

According to Article 11 of the Agreement Establishing the Bank, the accounts for each financial year shall be submitted in a form which distinguishes between the funds available for the general operations and any such operations as may be financed from time to time by contributions entrusted to it under Article 8, which empowers the Bank to receive other resources including grants from member countries, non-participating African or other countries, and from any public or private body or bodies.

The amount shown in the Balance Sheet captioned "Grants" represents such undisbursed resources received from the following countries:—

	30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
Norway	336,448	724,195	656,001	791,425
Federal Republic of Germany	—	—	—	48,289
Belgium	283,479	1,024,053	278,022	1,146,400
Sweden	668,772	251,979	226,113	235,001
Canada	168,227	34,466	175,685	33,109
Denmark	342,357	710,044	512,515	479,077
Switzerland	20,733	64,043	36,129	74,124
Finland	171,171	259,809	225,749	263,511
	1,991,187	3,048,589	2,110,214	3,070,936

These funds are represented by equivalent amounts in the Assets under "Due from banks"

Annex I-5

AFRICAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

Statement of Borrowings as at 31 December, 1983

(Expressed in Units of Account – Note B-1)

Description	Date of Agreement	Amount in Currency		Face Value in UA	Amount Drawn in Currency		Amount Drawn in UA
Government of Canada	01/07/73	Can.$	4,718,895	3,622,062	Can.$	4,718,895	3,622,062
Government of Sweden	14/11/74	Swkr.	25,000,000	2,984,487	Swkr.	25,000,000	2,984,487
Government of Sweden	16/11/76	Swkr.	10,000,000	1,193,795	Swkr.	10,000,000	1,193,795
Government of Sweden	21/02/78	Swkr.	18,000,000	2,148,830	Swkr.	18,000,000	2,148,830
Government of Austria	07/04/75	A.Schs.	37,982,000	1,875,738	A.Schs.	37,982,000	1,875,738
EXIMBANK of Japan	*03/05/78*	Yen	*4,000,000,000*	*16,453,999*	Yen	*4,000,000,000*	*16,453,999*
ADB 2-Year Bonds due 1985 with Member Countries and Other Central Banks	01/08/83	US$	60,000,000	57,309,327	US$	60,000,000	57,309,327
EURO-Credit No. 2	17/04/80	US$	250,000,000	238,788,863		—	—
EURO-Credit No. 3	22/06/80	FF	650,000,000	74,375,645		—	—
ADB 10-Year Bonds due 1987 (Series A)	15/05/77	KWD	2,000,000	6,541,570	KWD	2,000,000	6,541,570
ADB DM Bonds due 1986	23/05/79	DM	100,000,000	35,067,048	DM	100,000,000	35,067,048
ADB Fixed Rate Loan 1991	14/05/79	DM	100,000,000	35,067,048	DM	100,000,000	35,067,048
ADB DM Bonds due 1987	12/10/79	*DM*	*100,000,000*	35,067,048	*DM*	*100,000,000*	35,067,048
ADB CDs due 1985	17/06/80	US$	100,000,000	95,515,545		—	—
Yen 15 Billion Fixed Rate Loan:							
Tranche A	09/03/81	Yen	12,000,000,000	49,361,996	Yen	12,000,000,000	49,361,996
Tranche B	09/03/81	Yen	3,000,000,000	12,340,499	Yen	3,000,000,000	12,340,499
EXIMBANK of Japan	09/10/81	Yen	10,000,000,000	41,134,997	Yen	10,000,000,000	41,134,997
IBJ Yen 15 Billion	01/07/83	Yen	15,000,000,000	61,702,495	Yen	5,000,000,000	20,567,498
ADB CDs due 1988	08/01/82	US$	50,000,000	47,757,773		—	—
ADB CDs due 1989	13/01/82	US$	100,000,000	95,515,545		—	—
*SDR 200 million – Chase**	*05/02/82*	*SDR*	*200,000,000*	*200,000,000*	*US$*	*42,604,000*	*40,693,443*
DM 100 million Bonds due 1989	24/09/82	DM	100,000,000	35,067,048	DM	100,000,000	35,067,048
A.Schs. 400 million Bonds due 1991	18/04/83	A.Schs.	400,000,000	19,753,964	A.Schs.	400,000,000	19,753,964
				1,168,645,322			416,250,397

*SDR 40 million drawn at 1 SDR = US$1.065.

Annex I-5

AFRICAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

Statement of Borrowings as at 31 December, 1983

(Expressed in Units of Account – Note B-1)

Description	Repayment in in Currency		Repayment in UA	Balance Outstanding in UA	Interest Rate %	Repayment Period	Repayment Instalments
Government of Canada	Can.$.	125,000	95,946	3,526,116	0	1983/2023	Semi-annual
Government of Sweden		—	—	2,984,487	0.75	1984/2023	Semi-annual
Government of Sweden		—	—	1,193,795	0	1986/2026	Semi-annual
Government of Sweden		—	—	2,148,830	0	1987/2027	Semi-annual
Government of Austria		—	—	1,875,738	3	1985/2003	Semi-annual
EXIMBANK of Japan	Yen	835,000,000	3,434,772	13,019,227	7.75	1981/1993	Semi-annual
ADB 2-Year Bonds due 1985 with Member Countries and Other Central Banks		—	—	*57,309,327*	11.25	1985	In full
EURO-Credit No. 2		—	—	—	N/A	1984/1987	Semi-annual
EURO-Credit No. 3		—	—	—	N/A	1984/1987	Semi-annual
ADB 10-Year Bonds due 1987 (Series A)		—	—	6,541,570	8.75	1984/1987	Semi-annual
ADB DM Bonds due 1986		—	—	35,067,048	7.75	1984/1986	—
ADB Fixed Rate Loan 1991	DM	20,000,000	7,013,410	28,053,638	8.3	1982/1991	Annual
ADB DM Bonds due 1987		—	—	35,067,048	8	1984/1987	—
ADB CDs due 1985		—	—	—	N/A	1985	In full
Yen 15 Billion Fixed Rate Loan:							
Tranche A		—	—	49,361,996	8.9	1991/1996	Semi-annual
Tranche B		—	—	12,340,499	9.0	1991/2001	Semi-annual
EXIMBANK of Japan		—	—	41,134,997	8.25	1985/1996	Semi-annual
IBJ Yen 15 Billion		—	—	20,567,498	7.0	1984	In full
ADB CDs due 1988		—	—	—	N/A	1988	In full
ADB CDs due 1989		—	—	—	N/A	1989	*In full*
SDR 200 million – Chase*		—	—	40,693,443	10.25	1987/1990	Semi-annual
DM 100 million Bonds due 1989		—	—	35,067,048	10	1989	In full
A. Schs. 400 million Bonds due 1991		—	—	19,753,964	8.75	1991	In full
			10,544,128	405,706,269			

* SDR 40 million drawn at 1 SDR = US$1.065.

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

Annex I-6

Summary Statement of Resources and Assets of Special Funds as at 31 December, 1983 and 1982

(Expressed in Units of Account – Note B-1)

	31 December, 1983		1982	
	UA		UA	
A) Nigeria Trust Fund				
— Contribution received	111,147,208		111,147,208	
— Funds generated (net)	96,941,866		72,122,901	
		208,089,074		183,270,109
Represented by:				
— Due from banks	686,783		19,185	
— Short-term investments	170,270,872		148,526,141	
— Accrued service charges on loans	1,197,218		1,093,737	
— Accrued interest on short-term investments	3,069,022		4,613,197	
— Disbursements on loans	33,698,095		29,961,363	
	208,921,990		184,213,623	
Less: Current liabilities	832,916		943,514	
		208,089,074		183,270,109
B) Staff Provident Fund				
— Accumulated Fund	6,992,425		5,830,750	
— Funds generated	1,800,359		1,198,453	
		8,792,784		7,029,203
Represented by:				
— Due from banks	97,934		13,826	
— Short-term investments	8,473,189		5,055,903	
— Accrued interest	129,414		124,287	
— Amounts receivable	92,247		1,835,187	
		8,792,784		7,029,203
C) Special Relief Fund				
— Fund balance	880,461		880,461	
— Funds generated	265,623		226,912	
	1,146,084		1,107,373	
Less: Relief granted	818,432		818,432	
		327,652		288,941
Represented by:				
— Due from banks	14,274		16,788	
— Short-term investments	299,551		272,153	
— Accrued interest	13,827		—	
		327,652		288,941
Total of Resources and Assets of **Special Funds**		217,209,510		190,588,253

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

AFRICAN DEVELOPMENT BANK

Annex I-7

Statement of Reserves

(Expressed in Units of Account – Note B-1)

	Six Months ended 30 June, (Unaudited) 1984	1983	31 December, 1983	1982
	UA	UA	UA	UA
A) Special Reserve				
Balance as at 1 January	28,988,750	22,670,238	22,670,238	17,546,043
Add: Statutory commission for the period	3,592,172	2,969,966	6,318,512	5,124,195
Balance as at period end	32,580,922	25,640,204	28,988,750	22,670,238
B) Sinking Fund (ADF)				
Balance as at 1 January and period end	6,121,162	6,121,162	6,121,162	6,121,162
C) Reserve for Construction				
Balance as at 1 January and period end	6,990,428	6,990,428	6,990,428	6,990,428
D) Reserve for Revaluation of Currency Values				
Balance as at 1 January and period end	13,758,288	22,774,770	22,774,770	22,425,525
Difference on revaluation	(6,567,450)	(3,585,297)	(9,016,482)	349,245
Balance as at period end	7,190,838	19,189,473	13,758,288	22,774,770
E) General Reserve				
Balance as at 1 January	65,409,995	59,487,727	59,487,726	54,307,119
Add: Net Income for the previous year	8,504,110	5,922,268	5,922,268	5,180,607
Balance as at period end	73,914,105	65,409,995	65,409,994	59,487,726
F) Net Income				
For the period	10,593,450	4,467,807	8,504,110	5,922,268
Total Reserves	137,390,905	127,819,069	129,772,732	123,966,592

The accompanying notes to the Financial Statement (Annex I-4) form part of this statement.

Annex I-8

AFRICAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

Statement of Subscriptions to the Capital Stock and Voting Power as at 31 December, 1983

(Expressed in Units of Account – Note B-1)

Member States	Initial Shares	Voluntary Increase	First General Increase	Technical Increase	Second General Increase	Total Shares	% of Total	Paid-up Shares	Amount Due
1. Algeria	2,450	1,500	3,872	3,950	10,336	22,108	4.38	55,270,000	44,934,000
2. Angola	1,908	—	—	—	3,352	5,260	1.04	13,150,000	5,730,500
3. Benin	140	—	140	140	736	1,156	0.23	2,890,000	1,602,000
4. Botswana	100	60	100	160	736	1,156	0.15	2,890,000	1,602,000
5. Burundi	120	120	236	240	1,256	1,972	0.39	4,930,000	3,042,000
6. Cameroon	400	550	932	950	4,972	7,804	1.55	19,510,000	10,810,000
7. Cape Verde	100	—	—	100	352	552	0.11	1,380,000	764,000
8. Central African Republic	100	—	100	100	528	828	0.16	20,070,000	1,146,000
9. Chad	100	—	292	160	1,076	1,688	0.33	4,220,000	2,336,000
10. Comoros	100	—	—	100	176	376	0.07	940,000	676,000
11. Congo	150	200	344	350	1,832	2,876	0.57	7,190,000	4,442,000
12. *Djibouti*	100	—	—	100	352	552	0.11	1,380,000	639,000
13. Egypt	3,000	—	2,440	3,000	14,820	23,260	4.61	58,150,000	35,926,000
14. Equatorial Guinea	100	—	—	100	352	552	0.11	1,380,000	764,000
15. Ethiopia	1,030	—	1,012	1,030	5,396	8,468	1.68	21,170,000	11,728,000
16. Gabon	300	200	992	500	3,500	5,492	1.09	13,730,000	7,606,000
17. Gambia	100	—	100	100	528	828	0.16	2,070,000	1,014,000
18. Ghana	1,280	300	1,548	1,580	8,268	12,976	2.57	32,440,000	17,972,000
19. Guinea	250	80	324	330	1,728	2,712	0.54	6,780,000	4,184,000
20. Guinea Bissau	100	—	100	100	528	828	0.16	2,070,000	1,014,000
21. Ivory Coast	600	350	2,800	950	8,252	12,952	2.57	32,380,000	20,000,000
22. Kenya	600	350	1,232	950	5,500	8,632	1.71	21,580,000	13,336,000
23. Lesotho	100	10	108	110	576	904	0.18	2,260,000	1,252,000
24. Liberia	260	100	856	360	2,768	4,344	0.86	10,860,000	6,016,000
25. Libya	3,000	2,000	—	5,000	17,560	27,560	5.46	68,900,000	38,168,000
26. Madagascar	700	—	—	700	2,456	3,856	0.76	9,640,000	5,342,000
27. Malawi	200	60	256	260	1,364	2,140	0.42	5,350,000	2,964,000
28. Mali	230	—	228	230	1,208	1,896	0.38	4,740,000	2,324,000
29. Mauritania	110	60	168	170	892	1,400	0.28	3,500,000	1,940,000
30. Mauritius	300	100	592	400	2,444	3,836	0.76	9,590,000	5,314,000
31. Morocco	1,510	352	1,824	1,862	9,740	15,288	3.03	38,220,000	21,600,000
32. Mozambique	1,000	—	—	1,000	1,752	3,752	0.74	9,380,000	7,628,000
33. Niger	160	200	356	360	1,888	2,964	0.59	7,410,000	4,102,000
34. Nigeria	2,410	2,590	6,900	5,000	29,676	46,576	9.23	116,440,000	71,928,000
35. Rwanda	120	—	120	120	632	992	0.20	2,480,000	1,372,000
36. São Tomé and Principe	100	—	—	100	352	552	0.11	1,380,000	764,000
37. Senegal	550	200	736	750	3,924	6,160	1.22	15,400,000	8,534,000
38. Seychelles	100	—	—	100	352	552	0.11	1,380,000	764,000
39. Sierra Leone	210	100	244	310	1,516	2,380	0.47	5,950,000	3,678,000
40. Somalia	220	52	268	272	1,424	2,236	0.44	5,590,000	3,098,000
41. Sudan	1,010	252	1,236	1,262	3,304	7,064	1.40	17,660,000	12,704,000
42. Swaziland	160	80	236	240	1,256	1,972	0.39	4,930,000	2,730,000
43. Tanzania	630	320	932	950	4,972	7,804	1.55	19,510,000	12,054,000
44. Togo	100	100	196	200	1,048	1,644	0.33	4,110,000	2,276,000
45. Tunisia	690	320	992	1,010	5,288	8,300	1.64	20,750,000	11,498,000
46. Uganda	460	100	552	560	2,936	4,608	0.91	11,520,000	6,384,000
47. Upper Volta	130	—	128	130	680	1,068	0.21	2,670,000	1,480,000
48. Zaire	1,300	1,700	2,940	3,000	15,696	24,636	4.88	61,590,000	38,050,000
49. Zambia	1,300	300	1,568	1,600	8,372	13,140	2.60	32,850,000	20,256,000
50. Zimbabwe	5,000	—	—	—	8,780	13,780	2.73	34,450,000	16,580,000
Total Regionals	35,238	12,706	38,000	41,046	207,432	334,432	66.25	836,080,000	504,105,500

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

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AFRICAN DEVELOPMENT BANK

Annex I-8

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Statement of Subscriptions to the Capital Stock and Voting Power as at 31 December, 1983

(Expressed in Units of Account — Note B-1)

Member States	Amount Paid	Amount Unpaid	Advance Payments	Number of Votes	Voting Power %
1. Algeria	34,598,000	10,336,000	—	18,599	3.58
2. Angola	5,033,987	696,513	—	5,885	1.13
3. Benin	1,528,112	147,200	73,312	1,722	0.33
4. Botswana	1,417,457	184,543	—	1,707	0.33
5. Burundi	2,792,289	249,711	—	2,497	0.48
6. Cameroon	20,810,000	—	—	8,429	1.62
7. Cape Verde	675,509	88,491	—	1,142	0.22
8. Central African Republic	712,610	433,390	—	1,280	0.25
9. Chad	785,554	1,550,446	—	1,699	0.33
10. Comoros	25,000	651,000	—	931	0.18
11. Congo	3,162,627	1,279,373	—	2,989	0.58
12. Djibouti	622,904	16,096	—	1,171	0.23
13. Egypt	35,932,388	—	6,388	23,885	4.60
14. Equatorial Guinea	25,000	739,000	—	1,071	0.21
15. Ethiopia	11,728,112	—	112	9,093	1.75
16. Gabon	6,292,770	1,313,230	—	5,592	1.08
17. Gambia	750,000	264,000	—	1,347	0.26
18. Ghana	16,321,551	1,654,400	3,951	12,939	2.49
20. Guinea	3,759,708	424,292	—	3,167	0.61
26. Guinea Bissau	750,000	264,000	—	1,347	0.26
21. Ivory Coast	19,399,770	600,230	—	13,337	2.57
22. Kenya	12,647,000	689,000	—	8,981	1.73
23. Lesotho	1,252,000	—	—	1,529	0.29
24. Liberia	3,940,000	2,076,000	—	4,139	0.80
25. Libya	33,763,249	4,404,751	—	26,423	5.09
26. Madagascar	5,342,000	—	—	4,481	0.86
27. Malawi	3,208,225	545,600	789,825	2,547	0.49
28. Mali	1,150,000	1,174,000	—	2,051	0.39
29. Mauritania	1,370,610	569,390	—	1,797	0.35
30. Mauritius	5,314,003	—	3	4,461	0.86
31. Morocco	23,114,000	486,000	—	15,719	3.03
32. Mozambique	6,779,363	848,637	—	4,038	0.78
33. Niger	3,637,719	472,000	7,719	3,400	0.65
34. Nigeria	60,519,434	11,408,566	—	42,638	8.21
35. Rwanda	1,398,795	—	26,795	1,617	0.31
36. São Tomé and Principe	544,000	220,000	—	1,089	0.21
37. Senegal	6,996,175	1,937,825	—	6,010	1.16
38. Seychelles	766,266	—	2,266	1,177	0.23
39. Sierra Leone	5,428,367	67,233	1,817,600	2,978	0.57
40. Somalia	2,457,839	640,161	—	2,605	0.50
41. Sudan	6,469,941	6,234,059	—	5,195	1.00
42. Swaziland	2,841,154	—	111,154	2,597	0.50
43. Tanzania	11,067,716	986,284	—	8,034	1.55
44. Togo	2,276,000	—	—	2,269	0.44
45. Tunisia	9,108,495	2,389,505	—	7,969	1.53
46. Uganda	5,347,146	1,036,854	—	4,818	0.93
47. Upper Volta	1,140,293	339,707	—	1,557	0.30
48. Zaire	18,026,339	20,023,661	—	17,252	3.32
49. Zambia	29,934,621	402,579	10,051,200	13,604	2.62
50. Zimbabwe	16,588,000	—	—	14,405	2.77
Total Regionals	439,152,098	77,843,727	12,890,325	335,209	64.55

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Statement of Subscriptions to the Capital Stock and Voting Power as at 31 December, 1983

(Expressed in Units of Account — Note B-1)

Member States	Initial Shares	Voluntary Increase	First General Increase	Technical Increase	Second General Increase	Total Shares	% of Total	Paid-up Shares
Total — Regionals	35,248	12,708	38,000	41,046	207,482	334,432	66.25	836,080,000
1. Austria	1,996	—	—	—	—	1,996	0.40	4,990,000
2. Belgium	2,872	—	—	—	—	2,872	0.57	7,180,000
3. Brazil	1,996	—	—	—	—	1,996	0.40	4,990,000
4. Canada	16,800	—	—	—	—	16,800	3.33	42,000,000
5. Denmark	5,180	—	—	—	—	5,180	1.03	12,950,000
6. Finland	2,188	—	—	—	—	2,188	0.43	5,470,000
7. France	16,800	—	—	—	—	16,800	3.33	42,000,000
8. Germany (Fed. Rep.)	18,444	—	—	—	—	18,444	3.65	46,110,000
9. India	1,000	—	—	—	—	1,000	0.20	2,500,000
10. Italy	10,832	—	—	—	—	10,832	2.15	27,080,000
11. Japan	24,568	—	—	—	—	24,568	4.87	61,420,000
12. Korea	1,996	—	—	—	—	1,996	0.40	4,990,000
13. Kuwait	1,996	—	—	—	—	1,996	0.40	4,990,000
14. Netherlands	3,412	—	—	—	—	3,412	0.68	8,530,000
15. Norway	5,180	—	—	—	—	5,180	1.03	12,950,000
16. Portugal	1,008	—	—	—	—	1,008	0.20	2,520,000
17. Saudi Arabia	1,300	—	—	—	—	1,300	0.26	3,250,000
18. Sweden	6,912	—	—	—	—	6,912	1.37	17,280,000
19. Switzerland	6,560	—	—	—	—	6,560	1.30	16,400,000
20. U.K.	7,524	—	—	—	—	7,524	1.49	18,810,000
21. U.S.A.	29,820	—	—	—	—	29,820	5.91	74,550,000
22. Yugoslavia	1,996	—	—	—	—	1,996	0.40	4,990,000
Total — Non-regionals	170,380	—	—	—	—	170,380	33.75	425,950,000
Grand Total	205,628	12,706	38,000	41,046	207,432	504,812	100.00	1,262,030,000

Notes

1. The Bank's Agreement provides that each member shall have 625 votes in addition to one vote for each share subscribed by that member. The Board of Directors has adopted Resolution 04/83 which provides the formula to be used in the computation of member's votes. Implementation of this Resolution may result in some members gaining more votes.
2. Amounts paid in advance will be applied to future instalments.

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Statement of Subscriptions to the Capital Stock and Voting Power as at 31 December, 1983

(Expressed in Units of Account — Note B-1)

Member States	Amount Due	Amount Paid	Amount Unpaid	Advance Payments	Number of Votes	Voting Power %
Total — Regionals	504,105,500	439,152,098	77,843,727	12,890,325	335,209	64.55
1. Austria	998,000	998,000	—	—	2,621	0.50
2. Belgium	1,436,000	1,436,000	—	—	3,497	0.67
3. Brazil	998,000	998,000	—	—	2,621	0.50
4. Canada	16,800,000	16,800,000	—	—	17,425	3.36
5. Denmark	2,590,000	2,590,000	—	—	5,805	1.12
6. Finland	1,094,000	1,143,232	—	49,232	2,813	0.54
7. France	8,400,000	8,400,000	—	—	17,425	3.36
8. Germany (Fed. Rep.)	9,222,000	9,222,000	—	—	19,069	3.67
9. India	—	—	—	—	1,625	0.31
10. Italy	10,832,000	10,832,000	—	—	11,457	2.21
11. Japan	12,284,000	12,284,000	—	—	25,193	4.85
12. Korea	998,000	998,000	—	—	2,621	0.50
13. Kuwait	998,000	998,000	—	—	2,621	0.50
14. Netherlands	1,706,000	1,706,000	—	—	4,037	0.78
15. Norway	5,180,000	5,180,000	—	—	5,805	1.12
16. Portugal	—	—	—	—	1,633	0.31
17. Saudi Arabia	—	—	—	—	1,925	0.37
18. Sweden	3,456,000	3,456,000	—	—	7,537	1.45
19. Switzerland	3,280,000	3,280,000	—	—	7,185	1.38
20. U.K.	3,762,000	3,762,000	—	—	8,149	1.57
21. U.S.A.	14,910,000	14,910,000	—	—	30,445	5.86
22. Yugoslavia	998,000	998,000	—	—	2,621	0.50
Total — Non-regionals	99,942,000	99,991,232	—	49,232	184,130	35.45
Grand Total	604,047,500	539,143,330	77,843,727	12,939,557	519,339	100.00

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8 (a)

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Supplementary Statement of Subscriptions to the Capital Stock as at 31 December, 1983

(Expressed in Units of Account — Note B-1)

Member States	Amount Due: Convert. Currency	Amount Due: Notes	Amount Due: Local Currency	Amount Due: Total	Amount Paid: Convert. Currency	Amount Paid: Notes	Amount Paid: Local Currency	Amount Paid: Total
1. Algeria	37,182,000	—	7,752,000	44,934,000	32,014,000	—	2,584,000	34,598,000
2. Angola	4,892,500	—	838,000	5,730,500	4,195,987	—	838,000	5,033,987
3. Benin	1,160,400	441,600	—	1,602,000	1,233,712	294,400	—	1,528,112
4. Botswana	1,326,000	—	276,000	1,602,000	1,233,457	—	184,000	1,417,457
5. Burundi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6. Cameroon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7. Cape Verde	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8. Central African Republic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9. Chad	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10. Comoros	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11. Congo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12. Djibouti	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13. Egypt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14. Equatorial Guinea	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15. Ethiopia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16. Gabon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17. Gambia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18. Ghana	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19. Guinea	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20. Guinea Bissau	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21. Ivory Coast	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22. Kenya	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23. Lesotho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24. Liberia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25. Libya	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26. Madagascar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27. Malawi	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28. Mali	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29. Mauritania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30. Mauritius	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31. Morocco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32. Mozambique	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33. Niger	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34. Nigeria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35. Rwanda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36. São Tomé and Principe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37. Senegal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38. Seychelles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39. Sierra Leone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40. Somalia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41. Sudan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42. Swaziland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43. Tanzania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44. Togo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45. Tunisia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46. Uganda	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47. Upper Volta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48. Zaire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49. Zambia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50. Zimbabwe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total — Regionals	376,427,500	88,064,000	39,614,000	504,105,500	337,819,567	76,798,400	24,534,131	439,152,098

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8 (a)

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Supplementary Statement of Subscriptions to the Capital Stock as at 31 December, 1983

(Expressed in Units of Account — Note B-1)

Member States	Total Unpaid: Convert. Currency	Total Unpaid: Notes	Total Unpaid: Local Currency	Total Unpaid: Total	Amount Paid in Advance: Convert. Currency	Amount Paid in Advance: Notes	Amount Paid in Advance: Local Currency	Amount Paid in Advance: Total
1. Algeria	5,168,000	—	5,168,000	10,336,000	—	—	—	—
2. Angola	696,513		—	696,513	—	—	—	—
3. Benin	—	147,200	—	147,200	73,312	—	—	73,312
4. Botswana	92,543	—	92,000	184,543	—	—	—	—
5. Burundi	111	249,600	—	249,711	—	—	—	—
6. Cameroon	—	—	—	—	—	—	—	—
7. Cape Verde	18,091	70,400	—	88,491	—	—	—	—
8. Central African Republic	222,190	211,200	—	433,390	—	—	—	—
9. Chad	905,646	644,800	—	1,550,446	—	—	—	—
10. Comoros	510,200	140,000	—	651,000	—	—	—	—
11. Congo	180,173	1,099,200	—	1,279,373	—	—	—	—
12. Djibouti	16,096	—	—	16,096	—	—	—	—
13. Egypt	—	—	—	—	6,388	—	—	6,388
14. Equatorial Guinea	527,800	211,200	—	739,000	—	—	—	—
15. Ethiopia	—	—	—	—	112	—	—	112
16. Gabon	230	—	1,313,000	1,313,230	—	—	—	—
17. Gambia	132,000		132,000	264,000	—	—	—	—
18. Ghana	—	1,654,400	—	1,654,400	3,951	—	—	3,951
19. Guinea	209,292	—	215,000	424,292	—	—	—	—
20. Guinea Bissau	52,000	211,200	—	264,000	—	—	—	—
21. Ivory Coast	600,230	—	—	600,230	—	—	—	—
22. Kenya	689,000	—	—	689,000	—	—	—	—
23. Lesotho	—	—	—	—	—	—	—	—
24. Liberia	415,200	1,660,000	—	2,076,000	—	—	—	—
25. Libya	2,195,876	—	2,208,875	4,404,751	—	—	—	—
26. Madagascar	—	—	—	—	—	—	—	—
27. Malawi	—	545,600	—	545,600	789,825	—	—	789,825
28. Mali	690,800	483,200	—	1,174,000	—	—	—	—
29. Mauritania	212,590	356,800	—	569,390	—	—	—	—
30. Mauritius	—	—	—	—	3	—	—	3
31. Morocco	486,000	—	—	486,000	—	—	—	—
32. Mozambique	147,837	700,000	—	848,637	—	—	—	—
33. Niger	—	—	472,000	472,000	7,719	—	—	7,719
34. Nigeria	7,522,486	—	3,886,080	11,408,566	—	—	—	—
35. Rwanda	—	—	—	—	26,795	—	—	26,795
36. São Tomé and Principe	88,000	—	132,000	220,000	—	—	—	—
37. Senegal	1,324,495	—	613,330	1,937,825	—	—	—	—
38. Seychelles	—	—	—	—	2,266	—	—	2,266
39. Sierra Leone	67,233	—	—	67,233	—	1,817,600	—	1,817,600
40. Somalia	70,561	569,000	—	640,161	—	—	—	—
41. Sudan	3,590,859	2,643,200	—	6,234,059	—	—	—	—
42. Swaziland	—	—	—	—	111,154	—	—	111,154
43. Tanzania	986,284	—	—	986,284	—	—	—	—
44. Togo	—	—	—	—	—	—	—	—
45. Tunisia	274,305	2,115,200	—	2,389,505	—	—	—	—
46. Uganda	359,270	—	677,584	1,036,854	—	—	—	—
47. Upper Volta	169,707	—	170,000	339,707	—	—	—	—
48. Zaire	10,604,461	9,419,200	—	20,023,661	—	—	—	—
49. Zambia	402,579	—	—	402,579	—	10,051,200	—	10,051,200
50. Zimbabwe	—	—	—	—	—	—	—	—
Total — Regionals	39,629,458	23,134,400	15,079,869	77,843,727	1,021,525	11,868,800	—	12,890,325

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8 (a)

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Supplementary Statement of Subscriptions to the Capital Stock as at 31 December, 1983

(Expressed in Units of Accounts — Note B-1)

Member States	Amount Due: Convert. Currency	Amount Due: Notes	Amount Due: Local Currency	Amount Due: Total	Amount Paid: Convert. Currency	Amount Paid: Notes	Amount Paid: Local Currency	Amount Paid: Total
Total — Regionals	376,427,500	88,064,000	39,614,000	504,105,500	337,819,567	76,798,400	24,534,131	439,152,098
1. Austria	998,000	—	—	998,000	998,000	—	—	998,000
2. Belgium	1,436,000	—	—	1,436,000	1,436,000	—	—	1,436,000
3. Brazil	998,000	—	—	998,000	998,000	—	—	998,000
4. Canada	16,800,000	—	—	16,800,000	16,800,000	—	—	16,800,000
5. Denmark	2,590,000	—	—	2,590,000	2,590,000	—	—	2,590,000
6. Finland	1,094,000	—	—	1,094,000	1,143,232	—	—	1,143,232
7. France	8,400,000	—	—	8,400,000	8,400,000	—	—	8,400,000
8. Germany (Fed. Rep.)	9,222,000	—	—	9,222,000	9,222,000	—	—	9,222,000
9. India	—	—	—	—	—	—	—	—
10. Italy	10,832,000	—	—	10,832,000	10,832,000	—	—	10,832,000
11. Japan	12,284,000	—	—	12,284,000	12,284,000	—	—	12,284,000
12. Korea	998,000	—	—	998,000	998,000	—	—	998,000
13. Kuwait	998,000	—	—	998,000	998,000	—	—	998,000
14. Netherlands	1,706,000	—	—	1,706,000	1,706,000	—	—	1,706,000
15. Norway	5,180,000	—	—	5,180,000	5,180,000	—	—	5,180,000
16. Portugal	—	—	—	—	—	—	—	—
17. Saudi Arabia	—	—	—	—	—	—	—	—
18. Sweden	3,456,000	—	—	3,456,000	3,456,000	—	—	3,456,000
19. Switzerland	3,280,000	—	—	3,280,000	3,280,000	—	—	3,280,000
20. U.K.	3,762,000	—	—	3,762,000	3,762,000	—	—	3,762,000
21. U.S.A.	14,910,000	—	—	14,910,000	14,910,000	—	—	14,910,000
22. Yugoslavia	998,000	—	—	998,000	998,000	—	—	998,000
Total — Non-regionals	99,942,000	—	—	99,942,000	99,991,232	—	—	99,991,232
Grand Total	476,369,500	88,064,000	39,614,000	604,047,500	437,810,799	76,798,400	24,534,131	539,143,330

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-8 (a)

AFRICAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

Supplementary Statement of Subscriptions to the Capital Stock as at 31 December, 1983

(Expressed in Units of Accounts — Note B-1)

Member States	Total Unpaid: Convert. Currency	Total Unpaid: Notes	Total Unpaid: Local Currency	Total Unpaid: Total	Amount Paid in Advance: Convert. Currency	Amount Paid in Advance: Notes	Amount Paid in Advance: Local Currency	Amount Paid in Advance: Total
Total — Regionals	39,629,458	23,134,400	15,079,869	77,843,727	1,021,525	11,868,800	—	12,890,325
1. Austria	—	—	—	—	—	—	—	—
2. Belgium	—	—	—	—	—	—	—	—
3. Brazil	—	—	—	—	—	—	—	—
4. Canada	—	—	—	—	—	—	—	—
5. Denmark	—	—	—	—	—	—	—	—
6. Finland	—	—	—	—	49,232	—	—	49,232
7. France	—	—	—	—	—	—	—	—
8. Germany (Fed. Rep.)	—	—	—	—	—	—	—	—
9. India	—	—	—	—	—	—	—	—
10. Italy	—	—	—	—	—	—	—	—
11. Japan	—	—	—	—	—	—	—	—
12. Korea	—	—	—	—	—	—	—	—
13. Kuwait	—	—	—	—	—	—	—	—
14. Netherlands	—	—	—	—	—	—	—	—
15. Norway	—	—	—	—	—	—	—	—
16. Portugal	—	—	—	—	—	—	—	—
17. Saudi Arabia	—	—	—	—	—	—	—	—
18. Sweden	—	—	—	—	—	—	—	—
19. Switzerland	—	—	—	—	—	—	—	—
20. U.K.	—	—	—	—	—	—	—	—
21. U.S.A.	—	—	—	—	—	—	—	—
22. Yugoslavia	—	—	—	—	—	—	—	—
Total — Non-regionals	—	—	—	—	49,232	—	—	49,232
Grand Total	39,629,458	23,134,400	15,079,869	77,843,727	1,070,757	11,868,000	—	12,939,557

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

Annex I-9

AFRICAN DEVELOPMENT BANK

Summary Statement of Loans as at 31 December 1983

(Expressed in Units of Account — Note B-1)

Countries	Number of Loans	Amount Approved Less Cancellations	Amount Disbursed	Amount Undisbursed	Repayments	Outstanding Balance
1. Algeria	6	23,400,000	21,106,849	2,293,151	6,469,978	14,636,871
2. Angola	2	44,740,000	—	44,740,000	—	—
3. Benin	7	16,162,451	15,001,337	1,161,114	3,411,156	11,590,181
4. Botswana	10	95,965,211	7,167,779	88,797,482	1,119,919	6,047,810
5. Burundi	5	44,375,265	10,195,193	34,180,072	1,136,694	9,058,499
6. Cameroon	14	95,490,000	23,017,113	72,472,887	5,493,105	17,524,008
7. Cape Verde	2	12,050,000	10,294,034	1,755,966	—	10,294,034
8. Central African Republic	3	15,155,274	1,904,769	13,250,505	574,743	1,330,026
9. Chad	—	—	—	—	—	—
10. Comoros	1	10,000,000	3,408,124	6,591,876	—	3,408,124
11. Congo	12	74,896,237	39,435,935	35,460,302	6,095,298	33,340,637
12. Egypt	10	89,384,609	35,660,269	53,724,340	5,011,062	30,649,207
13. Ethiopia	3	16,500,000	9,410,916	7,089,082	684,977	8,725,941
14. Gabon	10	66,000,000	27,047,881	38,952,119	2,721,784	24,326,097
15. Gambia	5	21,332,638	9,549,268	11,783,370	365,548	9,183,720
16. Ghana	12	52,545,116	26,667,772	25,877,344	4,309,074	22,358,698
17. Guinea	10	46,902,000	13,600,294	33,301,706	3,046,433	10,553,861
18. Guinea Bissau	2	11,010,000	5,944,770	5,065,230	—	5,944,770
19. Equatorial Guinea	2	7,100,000	5,334,115	1,765,885	35,714	5,298,401
20. Ivory Coast	12	68,234,324	29,799,520	38,434,804	7,315,861	22,483,659
21. Kenya	15	109,207,193	35,629,388	73,577,805	7,119,429	28,509,959
22. Lesotho	2	16,730,000	4,598,262	11,131,738	—	4,596,262
23. Liberia	16	78,129,977	31,909,866	46,220,111	4,734,298	27,175,568
24. Madagascar	4	57,340,000	—	57,340,000	—	—
25. Malawi	10	52,051,107	28,534,887	23,516,220	6,690,435	21,844,452
26. Mali	2	5,633,489	5,631,870	1,619	800,102	4,831,768
27. Mauritania	5	26,510,000	11,057,440	15,452,560	760,038	10,297,402
28. Mauritius	7	28,300,000	15,368,842	12,931,158	2,920,695	12,448,147
29. Morocco	15	109,431,054	51,197,513	58,233,541	11,505,737	39,691,776
30. Mozambique	6	50,300,000	20,045,170	30,254,830	232,447	19,812,723
31. Niger	6	27,750,000	21,750,251	5,999,749	2,953,408	18,796,843
32. Nigeria	3	6,931,311	6,931,313	—	5,157,301	1,774,012
33. Rwanda	2	12,100,000	2,259,503	9,840,497	165,541	2,093,962
34. São Tomé and Principe	—	—	—	—	—	—
35. Senegal	10	45,452,621	29,583,759	15,868,862	4,456,770	25,126,989
36. Seychelles	3	9,303,000	4,654,993	4,648,007	267,857	4,387,136
37. Sierra Leone	7	13,712,322	9,826,675	3,885,647	1,074,846	8,751,829
38. Somalia	3	7,313,802	2,313,802	5,000,000	829,415	1,484,387
39. Sudan	6	22,151,268	12,844,188	9,307,080	2,183,318	10,660,870
40. Swaziland	12	48,120,000	24,298,077	23,821,923	3,714,517	20,583,560
41. Tanzania	9	45,663,326	20,392,150	16,271,176	3,952,098	25,440,082
42. Togo	6	18,322,052	13,516,252	4,805,800	3,579,692	9,936,560
43. Tunisia	20	162,894,943	48,622,172	114,272,771	10,337,589	38,284,583
44. Uganda	14	97,651,752	36,807,957	60,843,795	5,660,923	31,147,034
45. Upper Volta	3	7,864,360	3,864,360	4,000,000	2,055,197	1,809,153
46. Zaire	17	141,205,474	36,426,729	104,778,745	6,118,818	30,307,911
47. Zambia	11	79,874,584	29,309,877	50,564,707	2,920,766	26,389,111
48. Zimbabwe	3	28,300,000	—	28,300,000	—	—
Multinational						
49. East African Development Bank	3	17,000,000	6,711,460	10,288,540	1,975,051	4,736,409
50. Air Afrique	1	2,072,367	2,072,367	—	2,072,367	—
51. R.A.N.	2	7,999,461	7,999,461	—	3,208,189	4,791,272
52. Liberia/Sierra Leone	2	1,807,723	1,807,723	—	472,002	1,335,721
53. C.I.M.A.O.	1	8,200,000	8,200,000	—	341,667	7,858,333
54. Mali/Mauritania/Senegal (O.M.V.S.)	2	17,550,000	2,018,024	15,531,976	—	2,018,024
55. Ivory Coast/Ghana (Tano River Bridge)	1	1,842,355	1,829,258	13,097	56,475	1,772,783
56. Mali/Upper Volta/Niger (Liptako-Gourma)	1	10,000,000	3,408,264	6,591,736	—	3,408,264
57. Togo/Benin (Nagbeto)	1	22,020,000	—	22,020,000	—	—
Total	359	2,207,978,668	844,967,743	1,363,010,925	146,108,334	698,859,409

The accompanying notes to the Financial Statements (Annex I-4) form part of this statement.

GENERAL INFORMATION

The Bank has agreed to pay to the Managers an amount aggregating £1.25 per £100 nominal amount of Stock in connection with their services as managers and underwriters of the issue, out of which will be paid by the Managers, on behalf of and as agents for the Bank, commissions to the brokers to the issue in respect of their services to the Bank in connection with the issue and to certain other persons who have agreed with the Bank to accept underwriting participations in respect of the issue of the Stock. The Bank will also pay brokerage of one eighth of one per cent. of the nominal amount of Stock issued pursuant to subscriptions received from or through recognised banks and stockbrokers; this commission will not, however, be paid in respect of any allotments which arise out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions and brokerage) are estimated to amount to about £893,000 and are payable by the Bank.

There has been no material adverse change in the financial condition of the Bank since 31 December, 1983.

The Bank is not aware of any litigation or claims of material importance pending or threatened against it.

The Bank has obtained the approval and agreement of H.M. Government required under the Agreement Establishing the Bank (as amended) in connection with the issue.

Akintola Williams & Co (Chartered Accountants) and Z. Hassan, H. Hassan & Co (Public Accountants) have each given and have not withdrawn their written consents to the inclusion of their joint opinion dated 22 October, 1984 on the financial information on the Bank and to references to their names in the forms and contexts in which they appear.

Copies of the Instrument constituting the Stock, the latest audited accounts of the Bank and the Agreement Establishing the Bank (as amended) will be available for inspection at the specified office of the Registrar until redemption of the Stock, and a copy of the Purchase Agency Agreement will be so available until its expiry.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH during normal business hours until 5 November, 1984:—

(i) the Agreement Establishing the Bank (as amended);
(ii) the Underwriting Agreement referred to above;
(iii) a draft, subject to modification, of the Instrument constituting the Stock referred to above;
(iv) the audited accounts of the Bank for the five years ended 31 December, 1983;
(v) a draft, subject to modification, of the Purchase Agency Agreement;
(vi) the Receiving Bank, Registrar and Fiscal Agency Agreement;
(vii) a proof, subject to modification, of the Renounceable Allotment Letter referred to above;
(viii) a copy of the *Journal of the Institute of Actuaries*, Vol. 105, Part 1, 1978, pages 15 to 26; and
(ix) copies of the consents of Akintola Williams & Co and Z. Hassan, H. Hassan & Co referred to above.

Principal Office of the Bank
01 B.P. 1387 Abidjan,
Ivory Coast.

Receiving Bank, Registrar and Fiscal Agent
Baring Brothers & Co., Limited,

8 Bishopsgate, London EC2N 4AE. and Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Solicitors to the Managers
Slaughter and May,
35 Basinghall Street,
London EC2V 5DB.

Solicitors to the Bank
Freshfields,
Grindall House,
25 Newgate Street,
London EC1A 7LH.

Brokers

Hoare Govett Limited,
Heron House,
319/325 High Holborn,
London WC1V 7PB.

Rowe & Pitman,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA.

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, 25 October, 1984 and will close later the same day. This Form must be lodged with Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE.

The Stock is not open for application to subscribe by U.S. persons as defined in the Prospectus dated 22 October, 1984 (the "Prospectus").

AFRICAN DEVELOPMENT BANK

ISSUE ON A YIELD BASIS OF £50,000,000 LOAN STOCK 2010.

Payable as follows: On application £30 per cent. and the balance of the issue price by 10 April, 1985.

To: Baring Brothers & Co., Limited

In accordance with the terms of the Prospectus I/We apply as below. I/We undertake to accept the amount of Stock applied for or any less amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the Prospectus.

Nominal amount of the Stock applied for	Amount enclosed at £30 per cent of the nominal amount applied for
£	£

FOR OFFICE USE ONLY
1. Acceptance No.
2. Amount of Stock accepted

Pin your cheque here

Note: Application must be for a minimum of £100 nominal amount of Stock and thereafter for integral multiples thereof.

I/We enclose a cheque drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses and made payable to "Baring Brothers & Co., Limited" and crossed "ADB Loan" representing payment at the rate of £30 per cent. of the above-mentioned nominal amount of Stock. In consideration of the African Development Bank (the "Bank") agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Underwriting Agreement referred to therein, I/we agree that this application shall be irrevocable until 1 November, 1984 and that this sentence shall constitute a collateral contract between me/us and the Bank which shall become binding upon the despatch by mail or delivery of this application form duly completed to Baring Brothers & Co., Limited. I/We understand that the completion and delivery of this form accompanied by my/our cheque constitutes a representation that my/our cheque will be honoured on first presentation. I/We hereby engage to pay the balance payable on the Stock by 12 noon on 10 April, 1985 on any allotment made to me/us in respect of this application. I/We understand that failure to pay such balance by the due date will render the amount previously paid liable for forfeiture and the allotment liable to cancellation and that interest at the rate per annum of 4 per cent. above the Base Rate for the time being of Baring Brothers & Co., Limited may be charged on such balance if accepted after its due date and that the Bank may, without prejudice to any other rights, in default of payment sell the Stock fully paid for its own account.

I/We hereby represent that I am not/none of us is a U.S. person (as defined in the Prospectus).

I/We hereby request that any allotment of Stock to me/us be evidenced by an allotment letter addressed to me/us and be sent by first class post at my/our risk to me/us at the first address shown below. I/We acknowledge that any allotment letter and (if appropriate) any cheque for any application moneys returnable to me/us is liable to be held pending clearance of such payment.

Dated ....1984.

(1) *Usual Signature:* ....

In the case of a corporation, the Common Seal must be affixed or this form signed by a duly authorised officer who must state his capacity.

Please use BLOCK LETTERS

Forenames in full: ....

Surname: ....
(also state designation: Mr., Mrs., Miss or title)

Full Postal Address: ....

....

....

Joint Applicants (if any):
In the case of joint applicants all must sign.

(2) *Usual signature:* ....

Forenames: ....

Surname: ....
(also state designation: Mr., Mrs., Miss or title)

Address in full: ....

....

(3) *Usual signature:* ....

Forenames: ....

Surname: ....
(also state designation: Mr., Mrs., Miss or title)

Address in full: ....

....

(4) *Usual signature:* ....

Forenames: ....

Surname: ....
(also state designation: Mr., Mrs., Miss or title)

Address in full: ....

....

ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available in respect of payments of £30,000 or more only to recognised banks or stockbrokers as described in the Prospectus.)

We hereby engage to pay Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE for credit to the account designated "ADB Loan" by 10.00 a.m. on Wednesday, 31 October, 1984 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock allotted to the person(s) named above in respect of this application. In consideration of the Bank agreeing to allot the Stock as mentioned above, we agree that this engagement shall be irrevocable until 1 November, 1984 and that this sentence shall constitute a collateral contract between us and the Bank as mentioned above.

Name of recognised bank or stockbroker: ....

....

Address: ....

....

....

Authorised signature ....

In the case of a corporation, the Common Seal must be affixed or this form signed by a duly authorised officer who must state his capacity.

Stamp of recognised bank or stockbroker claiming brokerage (if any)	A/L Number	Stock allotted

UK COMPANY NEWS

The Famous Grouse leads Highland growth

A £1.2m increase in pre-tax profit has been achieved by Highland Distilleries in the year ended August 31 1984. Help has come from rises in investment income and interest received, and a reduction in interest payable.

The profit for the year came to £8.27m, compared with £7.05m. The final dividend is 2.477p for a net total of 3.52p, against 3.2p, and a 1-for-1 scrip issue is to be made.

The directors of this Scotch whisky distilling group report that new filling orders for the 1984 calendar yeor are up 8 per cent compared with last year. Prospects for this particular aspect of the business are more hopeful than in the recent past. Distilleries operated at higher levels of production mainly for the compay's own requirements.

Sales of the Famous Grouse brand in England increased by some 24 per cent. In Scotland sales were marginally down and market share dropped from soma 24 per cent to 22 per cent although "the brand maintained its premier position in this market."

Mr John Macphail, the chairman, says tha market share north of the Border is being dented hy cut-price whisky traders. The West of Scotland has been a particular target and over the past year or so "we have seen something like 18 cheap brands come onto the market in that area."

Highlands is "bolding its own" in other parts of Scotland. But with industry stocks expected to be in surplus for another two years cheap brands look likety to remain for some time yet.

Highland was running at 50 per cent of capacity over the year compared with 35 per cent at this time last year, and a total over the current period is expected to increase by another couple of points.

The company continues to invest heavily in export markets with volume increasing again, this time hy 23 per cent without any one market dominating the general progress. Mature whisky sales showed a modest increase which was encouraging in view of the general flatness of demand for Scotch whisky of tha world's major markets.

In tha year 1983-84, turnover moved ahead from £84.93m to £92.21m, and the gross profit therefrom was £8.48m (£7.71m). Administration and distribution costs were higher, to leave the operating profit showing a rise of £650,000 at £7.08m.

Investment income moved up to £879,000 (£730,000), loterest received to £440,000 (£92,000), and there were associate profits of £8,000 (nil), while interest payable was cut to £131,000 (£251,000).

Tax takes £1.89m (£1.74m) to leave the net profit at £6.39m (£5.31m), or earnings of 10.4p (8.8p) per share. There is an extraordinary debit this time of £255,000.

Expenditure on fixed assets over the year totalled £3.97m (£3.34m).

● comment

The Famous Grouse's feathers are beginning to fly in Scotland, where the arrival of 18 cut price brands over the past year has clipped its market share by a couple of points to 22 per cent. The brand is more than making up the difference elsewhere, so Highland can afford to remain aloof from any discounting hattles in its traditional patcb. UK volumes overall rose by 3 per cent — including a 24 per cent gain in England — giving it a 10 per cent market share, at a time wben industry volumes were down slightly in the UK. Export sales, meanwhile, rose by 23 per cent, more or less evenly spread across the main overseas markets. The introduction of The Famous Grouse to the U.S. should further reduce the group's dependence on Scotland—which currently accounts for over half of turnover — in the years ahead. Around £9.5m pre-tax looks possible this year, altoough a jump in the tax rate thanks to the abolition of stock relief indicates that earnings will rise more slowly. The shares gained 4p to 112p, where the yields is 4.6 per cent.

Growth at Lloyd's Life checked by Budget move

Lloyd's Life Assurance reports that the loss of Life Assurance Premium Relief (LAPR) in this year's Budget resulted in a near 15 per cent drop in annual premium life business in the second half of its financial year to September 30, 1984.

This cut back the excellent growth seen in the 9rst half so that over the 12 months new life annual premiums rose hy only 6 per cent from £6.98m to £7.42m.

Mr Peter Baines, Lloyd's Life marketing director, said that the company had introduced three new life products since the withdrawal of LAPR and boped to reverse this declining trend in the current financial year.

In contrast, single premium life business in the UK was buoyant rising over 60 per cent from £26.2m to £42.8m.

Pension business also showed strong growth with new annual premiums rising hy 125 per cent from £1.34m to £3.27m and single premiums doubling from £1.33m to £2.7m.

Overall, new annnal premiums on all UK business rose by £2.4m to £10.7m over the year, and single premiums from £27.5m to £45.5m.

The company's offshore operations were hit by the Inland Revenua's action against the tax treatment on offshore-life policies. New annual premiums were almost halved from £2.4m to £1.3m while single premiums declined marginally from £2.4m to £24.2m.

Mr Baines stated that for the six month period from November 1983 when the Revenue announced the ending of the existing tax rules to end-April 1984 when it announced tha new rules the company's offshore operations were virtually in limbo. Business is moving ahead again under the new rules.

High-Point hits record £0.72m

IN ITS first year as a public company High-Point Services Group saw its profits hefore tax rise from £581,279 to a record £717,402. Turnover for the perind to May 31 1984, showed a £624,785 Improvement at £4.25m.

The company, which came to the USM in December 1983, provides a range of professional advisory services to groups involved in international engineering and construction projects.

During the year High-Point continued to expand the geographical markets served and widened the range of services offered.

While taking "great strides" in reaching new potential users of its services the group also continued to davelop in its traditionat markets with regard to the quality and size of assignments entrusted to it.

The directors say the internal reorganisation into three mutually-supporting divisloos, each nnder the control of a group director, will strengthen High-Point's ahility in 1985 to offer its comprehensive range of services both at the corporate as well as at the project and contract levels.

In the coming year the group intends to further strengthen and devclop its own marketing function to realise the full benefits and potential of the opportunities which are now available.

Pre-tax pro9ts for 1984 were boosted by a higher contribution from associates of £355,270 (£109,392) and lower interest costs of £49,829 (£72,746). Other income declined from £52,228 to £34,506.

Tax accounted for £113,501 (£136,694) to leave net profits at £603,901, against £444,585.

Earnings improved from 13.82p to 17.29p and a dividend of 1.5p net is proposed.

Significant events during the year were the opening of an office in Washington DC, which is already producing husiness and through which the group is acting for important American clients in hoth the Middle and Far East. A presence was also established during the year in Saudi Arahia and Singapore.

A major organisational change within the group was hrought about with the creation of a new corporate management services division to complement the existing contract and project services and financial and insurance services divisions.

The new division will provide specialised management consultancy services to the international contracting industries.

The directors are to propose the introduction of an executive share option scheme

● comment

That High-Point can prodnce a 23 per cent increase in taxable profits when the contracting and offshore engineering industries which it serves are in the dotdrums comes as a tribute to the quality of its earnings hase. When its customers' margins are under pressure, the growth in project management and finance work may tail off, hut more profitable ctaims management assignments take up the slack. At the same time, High-Point is finding that the average size of assignment is growing so that it is currently working on projects with a construction value of £2bn, 30 per cent more than in 1983. The first full contrihutions from the Washington office and the corporate management services division indicate that at least £900,000 pre-tax is in reach this time, although revenues can be very lumpy. That puts the shares, down 2p to 170p, on an undemanding multiple of 9.5 after a 25 per cent tax charge.

Media Technology obtains USM quote

By Alison Hogan

Media Technology International, the newly-formed bolding company for Joe Dunton Cameras (JDC), Lee Filters and Lee Filters (Developments) is being hrought to the Unlisted Securities Market.

Brokers Russell Wood are placing 2.54m shares of 20p at 117p per share to give a market capitalisation of £11.7m.

The combined companies had a turnover of £2.92m in tha year to May, an increase of just over £1m. Pre-tax profits rose from £865,000 to £1.54m.

The shares will sell at the placing price on an historic pe of 11.57 based on an actual tax charge of 40.5 per cent, and yield of 314 per cent.

Joe Dunton Cameras and Lee Filters names have appeared on the credits of many successful films.

JDC rents cameras and has developed a range of high precislon lenses which are rented under tha JDC label.

Lee Filters prodnces both polyester and rein filters to achieve a range of controls and effects from fogs to starbursts.

The companies have grown steadily over the last five years atlhough Lee Filters had a profits dip in 1981 due to a weakness in management controls. Both say their financial ocntrols have been strengthened

Mr Peter Foster was appointed financial ocntroller of MTI from October 1. Mr Roger Weston, with a financial and consulting background is non-executive chalrman.

Mr Joe Dunton and Mr David Holmes were assisted in developing their husinesses by the Lee brothers—Jobn and Benny—who are tha joint managing directors and shareholders of Lee Electric (Lighting), a film lighting service.

The Lee hrothers, through personal stakes and through Ewesham their investment company, will have majority control of Media International after tha issue with 52.5 per cent.

They bave agreed not to use their voting rights to veto the plans of Dunton and Holmes In the future. They have also undertaken that all dealings hetween MTI and their subsidiaries will be at arms length. At present three of tbeir subsidiaries are distributors for Lee Filters.

Dealines in the shares of MTI are expetced to begin on October 31.

● comment

The directors of Media Technology International seem confident of the stability of their market place worldwide. The emphasis on high quality production and technically proficient special effects in film provides them with a steady demand for their specialised products. The combined companies hava been getting margins of 33 per cent. It is early days to see how the formation of MTI will affect the profitahility of the companies with the non-executive director and financial controller in place for only a matter of weeks. If the Lee brothers really do intend to allow Dunton and Holmes a free hand then the executive board should perhaps be strengthened beyond the four of them.

Tay Homes exceeds £1m mark and beats dividend forecast

FOR THE year ended Juna 30 1984 profits of Tay Homes have beaten the £1m mark, and shareholders receive more than they were promised by way of dividend. The company is a househuilder based in Leeds, but has spread its activities to Scotland. It came to the USM last November.

Profit before tax for 1983-84 came to £1.02m, compared with £705,000, and included land sales of £111,000 (£15,000). The final dividend is 3.13p for a net total of 4.5p, against not less than 4.1p forecast in the prospectus.

Mr Trevor Spencer, the chairman, says tha balance sheet remains strong with net borrowings just over £3.5m. There has been a good start to the current year, and with the strengthening of the land bank derived from the benefits of the share flotation "we shonld be in a better position to forward plan and increase our turnover."

Last year 349 units were sold, against 280, to produce a turnover of £9.91m (£6.58m) and a gross profit of £1.88m (£1.33m), subject to interest of £249,000 (£170,000). Tax took £401,000 (£225,000) to leave the net profit of £616,000 (£480,000), equal to 11.6p per share. The dividend absorbs £90,000.

Mr Spencer says trading conditions have been stable and the industrial unrest to date "has had only a marginal effect on one or two sites." Selling prices have kept in line with building costs.

Sales in Yorkshire have been firm, particularly in the middle range prices. In Scotland demand has proved very brisk and sales have made an excellent contribntion to results.

"Scotland has proved a very worthwhile area for the spread of the company's developments, where we hava established ourselves very quickly and can achieve a greater return on capttal employed than in Yorkshire," the chairman states.

The group has continued to make additions to its landbank for homes representing at least two years' supply at its present level of sales.

It has recently received approval for 150 units on three sites within four miles of Leeds City centre. Under the Department of tha Environment's Urban Development Grant Scheme, approval has been received for a development of 45 dwellings close to the City centre. In Bradford, Tay Homes has joined a consortium to carry out a housing scheme to develop 600 units.

In Scotland it has acquired land for a further 130 units at Gourock and at Greenock has obtained planning consent for 150 units.

● comment

Tay Homes' shares jumped 6p to 81p on these figures—a long way off the bottom, but still well short of last year's 90p flotaion price. The good news consisted chiefly of the dividend—higher than the 4.1p forecast for the year, and also a declaration of confidence. Indeed, it is possible to argue that the sector's unpopularity with the market has more to do with the housebuilding majors in general, and poor old Barratt in particular, than with tha smaller and nimbler regional specialists. Tay's sales in its Yorkshire stronghold—still nearly 75 per cent of last year's total—have been affected in the last few weeks by knock-on effects from the miners' strike; but business is apparently booming on Clydeside, and the company is shooting for around 400 complations this year (against 350 last), with Scotland climbing to around a third of the total. Expansion plans In the South West and around Northampton may put a strain on the balance sheet; gearing has shot to 130 per cent, despite the cash from the flotation. But Tay could still be a useful long-term investment.

Good first half profit for Gerrard & National

IN ITS half year ended October 5 1984—"a very difficult period"—discount house Gerrard and National has achieved good profits although they were "well short" of the comparable figure last year. The interim dividend is being held at 3p net.

The directers state that in the period Base Rates rose from 8¼ per cent to 12 per cent before falling back to 10¼ per cent.

Prior to early July, when rates were established at 12 per cent, a very defensive policy was pursued, hnt at the beginning of August advantage was taken of tha more favourable trading conditions.

For the full year ended April 5 1984 the company made a net taxed profit of £10.12m, against £14.21m, and paid a total dividend of 12p.

Shires asset value at 187p

Net asset value per 50p share at Shires Investment increased from 171.55p to 187.32p for the six months to September 30 1984 and stated earnings per share rose from 5.64p to 6.27p.

A second interim dividend of 1.5p will be paid, and the board proposes further payments of 1.5p for January and April 1985, with a final of 6.4p in July. This is in line with the trust's recent decision to pay dividends quarterly. Last year a total of 11.8p was paid.

Investment income during the period was £363,214 against £223,407, and profit of its dealing subsidiary, Wiston Investments, was £26,891 (£14,336). Interest charges this time were £4,766 (nil) and management expenses were substantially higher at £63,949 (£22,167). There was a tax charge of £96,417 compared with £73,625.

The directors say that during the six-month period the board has concentrated on securing a satisfactory flow of income for shareholders. This has involved a further strengthening of the UK portfolio with increased holdings in companies which are likely to generate increased dividends in the current year.

Home computer sales lift Spectrum above forecast

WITH A strong advance from the sales of home computers, peripherals and software, Spectrum Group has beaten by some £35,000 the forecast made at the time of the company's admission to the USM last June.

The taxable result for the year to end June 1984 was £1.74m, and compares with the £1.7m prospectus forecast and £307,000 last time. Mr Michael Stern, the chairman, states that the current year has started well and he looks forward to the future with great confidence.

Spectrum is a distributor of home computers, peripherals, software and associated products, and photographic equipment. Other activities include dealer networks for fishing takle and small business computers, a photographic agency network, a home computer repair and maintenance service and promotional, advertising and media activities. Turnover rose sharply from £12.39m to £29.8m.

The result was achieved before taking account of an exceptional credit of £100,000, which represents the settelment in the company's favour of a trade dispute following the failure of a supplier. The tax charge for the period rose substantially from £141,000 to £858,000 to teave net profits at £997,000 (£166,0001.

A dividend payment of £40,000 (nil) was in respect of the 10 per cent redeemable preference shares issued during the year. There is no ordinary dividend, hut the directors state that if the company's shares had been publicly held throughout the year it would have been their intention to recommend a total of 2p net per 5p share. Earnings are given at 10p per share against 2p. The group retained £937,000 (£166,000).

Mr Stern says that the company's sales of home computers, peripherals and software, excluding those of the Micro Dealer software subsidiary, advanced strongly during the year and together with turnover in photographic equipment contributed 69 per cent of pre-tax profits.

Micro Dealer made a substantial first time contrihution to profits and continnes to achieve a significant rate of growth.

Enterprise Photographic Sales (1984), a distrihutor of photographic accessories, made a profit contrihution after just three months' trading.

Three new subsidiaries had an adverse effect on profits reflecting the inevitable set up costs incurred during the year. These are State Soft, a software company which has now signed a licensing agreement with First Star of the U.S. to distribute its top software in the UK; Micromend, which offers a comprehensive repair and maintenance service to Spectrum computer network members and the general public; and Spectrum Field Sports, which was formed to distribute fishing tackla through a further network of independent retailers. This network has already grown to encompass over 70 members.

Each of these subsidiaries is expected to contribute to group profits in the current year, says the chairman.

House Property

Profits rose from £96,000 to £216,000 before tax at House Property Company of London over the first six months of 1984.

Most of the profit was accounted for hy some £224,000, against £44,000, arising from revaluation surpluses released, resales of investment properties.

Tha interim dividend is being betd at 3p net per 50p share. Net profits amounted to £170,000 (£80,000) after tax of £46,000 (£16,000).

Border & Southern

Profit available for dividends at Border & Southern Stockholders Trust increased from £3.25m to £3.49m in the year to September 30, 1984. The final dividend is increased from 1.85p to 2p net for a total up from 3.15p to 3.3p.

Income for the year rose from £5.95m to £6.7m, and expenses and interest were higher at £1.37m (£730,000). Tax was slightly lower at £1.84m compared with £1.96m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Gerrard & National int.	3	Dec 5	3	—	12
Highland Distilleries ...	2.48	—	2.23	3.52	3.2
High-Point‡	1.5	—	—	1.5	—
Japan Assets	0.05	—	0.05	0.05	0.05
Shires Invest. ...2nd int.	1.5	—	—	—¶	11.8
Tay Homes‡	3.13	—	—	4.5	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ A total of 12.4p is proposed.

BOARD MEETINGS

TODAY

Interims:—Caparo Properties, Chesterfield Properties, Comben, English National Investment, London and Northern, Marks and Spencer, Richardsons Westgarth, Walter Runciman, Sangers Photographics, Savoy Hotel.

Finals:—Highland Electronics, Precious Metals Trust, Pressac, Samuel Properties, Unigroup.

FUTURE DATES

Interims:—	
Aquascutum	Nov 8
Cable and Wireless	Nov 28
Cole Group	Oct 26
Grampian Television	Nov 1
Slingsby (H. C.)	Nov 7
Whittington Engineering	Nov 15
Winterbottom Energy Trust ...	Nov 6
Finals:—	
Anvil Petroleum	Oct 29
British Car Auction	Oct 30
Hepworth (J.)	Oct 30
Wemyss Investment Trust	Nov 1

COMPANY NEWS IN BRIEF

Property development and investment group, Five Oaks Investments, has turned a loss of £156,000 into pre-tax profits of £152,000 for the year to end-Juna 1984.

The directors report that the company is now on a firm basis for the future, and quota a 45 per cent increase in net asset value per 5p share.

They say that the recently started prestigious development of a high technology facility, comprising 100,000 sq ft pre-let to Inmos, indicates the company's capability to prosper in today's competitive market.

Earnings of 2.65p per share were shown, compared with tosses of 3.9p for the corresponding period. Once again, no ordinary dividend is being paid.

Gronp turnover feil substantially, from £4.69m to £2.91m. Tax took a same again £3,000.

* * *

Willis Faber, insurance hroker, bas announced a one-for-one scrip issue for every share held on October 29 1984.

* * *

Swedish pharmaceuticals group AB Astra plans to seek a listing for its shares on the Stock Exchange.

The company said the group hopes trading will start early in 1985. Astra shares are currently traded on the U.S. over-the-counter market but are not officially listed outsida Sweden.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	140	+ 1	8.3	4.8	8.2	10.7
158	117	Ass. Brit. Ind. CULS...	142	—	10.0	7.0	—	—
78	54	Airsprung Group	66	+ 1	6.4	11.6	6.0	7.3
40	21	Armitage & Rhodes ...	39	—	2.9	7.4	4.9	8.0
132	57	Bardon Hill	124	—	3.4	2.7	12.6	20.8
58	42	Bray Technologies ...	43xd	—	3.5	8.1	5.0	7.2
201	173	CCL Ordinary	174	—	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	118	—	15.7	13.3	—	—
710	100	Carborundum Abrasives	710	+ 6	5.7	0.8	—	—
249	92	Cindico Group	92	—	—	—	—	—
73	45	Deborah Services	72xd	—	6.5	9.0	8.9	11.1
240	75	Frank Horsell	239	—	—	—	8.8	12.6
206	75½	Frank Horsell Pr Ord 87	205	—	8.6	4.7	8.2	10.8
69	25	Frederick Parker	28	—	4.3	16.5	—	—
40	32	George Blair	40	+ 1	—	—	2.7	8.4
80	40	Ind. Precision Castings	40	—	2.7	6.8	11.0	11.8
218	200	Isis Group	200	—	15.0	7.5	7.9	14.4
124	61	Jackson Group	112	—	4.3	4.4	8.2	10.1
262	213	James Burrough	262	—	13.7	5.2	9.8	9.3
92	83	James Burrough 9pc Pf	91	—	12.9	14.1	—	—
147	100	Linguaphone Ord.	139	—	—	—	—	—
100	96	Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—	—
475	275	Minihouse Holding NV	472xd	+ 2	3.8	0.8	34.0	37.1
175	36	Robert Jenkins	36	− 1	8.0	13.9	—	—
74	39	Scruttons "A"	39	—	5.7	14.6	20.8	4.8
120	81	Torday & Carlisle	87	—	—	—	9.3	79.8
444	385	Trevian Holdings	390	—	4.3	1.1	22.2	21.8
26	17	Unilock Holdings	20	—	1.3	6.5	8.7	14.0
92	65	Walter Alexander	82	+ 1	7.5	9.1	8.2	9.9
276	230	W. S. Yeates	230	—	17.4	7.6	5.5	11.0

Prices and details of services now available on Prestel, page 48146

To the Holders of

CenTrust Savings and Loan Association

Secured Adjustable Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the interest period ending April 22, 1985 the Notes will carry an ioterest rate of 11.9375% per annum.

CenTrust Savings and Loan Association
By: Paribas Corporation
Dated: October 22, 1984

October 23rd, 1984

Oesterreichische Kontrollbank Aktiengesellschaft

US$100,000,000
Guaranteed Floating Rate Deposit Notes 1986
Guaranteed by the
Republic of Austria

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from October 24th, 1984 to April 24th, 1985, the Notes will carry an interest rate of 10⁷⁄₁₆% per annum. On April 24th, 1985, interest of US$26,383.68 will be due per US$500,000 Note against Coupon No. 7.

Agent Bank
ORION ROYAL BANK LIMITED

KONISHIROKU PHOTO INDUSTRY CO. LTD.

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that copies of the above Company's Annual Report for the year to April 20, 1984 are available at the office of the Depositary, The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD, and of the Depositary's Agent, Chase Manhattan Bank Luxembourg S.A., 47 Boulevard Royal Luxembourg. Copies are also available at the office of the Paying Agent, Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg.

THE CHASE MANHATTAN BANK, N.A.
October 1984 London, as Depositary.

IRELAND
U.S.$100,000,000
Floating Rate Notes due October, 1988

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 11$\frac{1}{16}$ per cent per annum. The Coupon Amounts will be U.S.$279.64 for the U.S.$5,000 denomination and U.S.$13,981.77 for the U.S.$250,000 denomination and will be payable on 24 April, 1985, against surrender of Coupon No. 7.

Manufacturers Hanover Limited
Agent Bank

LADBROKE INDEX
Based on FT Index
856-860 (+8)
Tel: 01-427 4411

Gerrard & National

INTERIM STATEMENT

In the first six months of the Company's year Clearing Bank Base Rates rose from 8¼% to 12% before falling back to 10¼%. Prior to early July, when Base Rates were established at 12%, a very defensive policy was pursued hut at the beginning of August advantage was taken of the more favourable trading conditions.

Overall the first half of our year was a very difficult period hut profits achieved were good although well short of the comparable figures last year.

The Directors have decided to pay an interim dividend in respect of the half year to 5th October, 1984 of 3p per share on the issued Ordinary share capital (1983: 3p per share). The dividend will be paid on 5th December, 1984 to members on the register at tha close of business on 9th November, 1984. Transfer books will be closed for the day on 12th November, 1984.

22nd October, 1984

BIDS AND DEALS

Mnemos agrees Sperry's $5m boost

BY ALEXANDER NICOLL

Mnemos, a manufacturer of data storage systems, yesterday announced plans for a U.S.$5m (£4.2m) cash injection from Sperry Corporation, the U.S. computer group. The agreement seems likely to lead to the first orders for Mnemos' System 6000 equipment.

The cash boost depends on Sperry's acceptance of prototype equipment which it would then market under licence to the U.S. military, and on Sperry taking up an option to purchase 9.6 per cent of Mnemos. The latter decision would lead to a much expanded licence covering all U.S. military and governmental uses of Mnemos equipment.

Mnemos, registered in Bermuda and quoted on London's USM, saw its share price rose 19p yesterday to 56p. Its 63 per cent owner Combined Technologies, which floated Mnemos off last year, gained 7p to 32p. The shares rose to highs of 63p and 38p respectively as soon as the news was disclosed.

Mr James Longcroft, chairman of Mnemos, Comtech and Tricentrol—from which Comtech was itself an offshoot—said yesterday: "The most important thing is that it gives credibility to the company when a company like Sperry backs our technology. It's the first confirmation that what we've got is very exciting."

Under the agreement with Sperry, signed late on Friday after over six months of talks, the U.S. company will be granted a five-year licence to sell Mnemos equipment for limited U.S. military applications.

Mr Longcroft said that the automated test equipment, which locates faults in complex electronic circuitry, to be sold under this licence, had already been viewed by potential U.S. military cutomers. Sperry wanted modifications which should take about six weeks before Mnemos could deliver prototypes.

If Sperry accepts them, it will pay $1m as the initial payment of the $5m price at which it can acquire 5m new Mnemos shares, 9.6 per cent of the expanded capital, under an option to be granted by Mnemos.

The option, which must be approved by Mnemos shareholders, expires on February 1, 1985 but Sperry can extend it each month by making non-refundable payments of $400,000 towards the purchase price.

If Sperry takes up the option, it will have an exclusive licence to manufacture and sell all Mnemos products to the whole of the U.S. military and other U.S. government agencies for 15 years. It will also appoint a director to the Mnemos board.

Mr Longcraft said that under the initial limited licence, Sperry would be able to buy the testing equipment from Mnemos at list price. Under the expanded licence, Mnemos would get royalties for any equipment manufactured by Sperry.

Sperry, however, is more likely to market Mnemos-made equipment than to produce it itself, Mr Longcraft said. "I view this liaison as an extremely important extension of our marketing operation," he said.

Sperry's endorsement of the Mnemos system, designed for storage and retrieval of large volumes of information such as that found in technical manuals, should help Mnemos to find commercial customers for its product, Mr Longcroft said.

Mnemos has fought long to win market recognition for the System 6000, and has meanwhile all but exhausted its resources. Its issue price last year was 65p, and the issue prospectus admitted that "the success of the product and the financial position of Mnemos are subject to risk as to both technical factors and marketing."

Manders pays £1.8m for Blundell's industrial side

Manders (Holdings) the paint and printing ink maker, is to pay £1.8m for the assets and business of the industrial division of Blundell-Permoglaze, another paintmaker and supplier to the building industry.

Blundell's industrial division will become part of Manders' industrial finishes division, which will have an enlarged turnover of £10m. This Manders' division also includes Mander-Domolac, Midland Speciality Powders and Fleet Markings.

The Blundell division is based at a 2.8 acre site at Tyseley, Birmingham and supplies industrially-applied paints and powder coatings for metal and wood surfaces. Manders will buy the freehold factory valued at £390,000, plant and machinery with a net book value of about £600,000 and stock to be valued on October 31.

The total payment may be increased or reduced by up to £100,000 depending on sales achieved in the year ending October 1985. Blundell's industrial division made profits of only £31,879 in the year ended October 1983 and the company does not foresee it making a satisfactory return in the near future after several years of minimal profits.

Blundell will take an extraordinary write-off of about £500,000 pre-tax in its 1984 accounts, primarily relating to the property valuation.

Nottingham's terms for Johnson employee shares

BY RAY MAUGHAN

Nottingham Manufacturing, the leading textile supplier to Marks & Spencer, will be posting its formal offer documents to shareholders in Johnson Group Cleaners in support of its £44.4m cash bid and has now set out the terms of a separate offer to Johnson's employee shareholders.

Employees control 14.75 per cent of Johnson's total share capital and, at present these shares can only be transferred to trustees at 25p each, unless the trustees agree otherwise.

Nottingham, headed by Mr Harry Djanogly, is offering 10 times that value but a change of Johnson's articles of association by its shareholders is required to allow the employee shares to be sold to Nottingham.

That, in turn, would require a 75 per cent majority of votes cast at an extraordinary meeting. A group of institutional investors has requisitioned such a meeting. The funds are thought to hold some 16 per cent of the ordinary shares and some 12 per cent of the total votes.

These preliminary moves have many parallels with the bid launched two years ago by Sunlight Service Group, the second of the three other bidders for Johnson.

In that instance, however, the subsequent reference to the Monopolies Commission, which eventually blocked the proposed £30m merger, stalled the initial skirmishing.

Johnson has 21 days to call the meeting which, in turn, requires a further three weeks' notice.

The employee shares are held, Nottingham calculates, by 1,095 employees from a total staff of 5,166; 370 employees hold under 200 shares, which means that they cannot vote at the forthcoming meeting.

A further 235 employees have between 200 and 500 shares while 14 employees have an aggregate stake of more than 453,000, or 21.3 per cent of all the employee shares.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%

E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8¼%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

Avon Rubber's U.S. venture

Avon Rubber, the tyres and industrial polymers group, is to establish a U.S. manufacturing base at Picayuna, Mississippi, in a joint venture with Bell Aerospace Textron, to make hovercraft skirt components.

The new joint venture company, which wil ltrade as Bell Avon Inc, later plans to introduce other flexible rubber products from Avon to the U.S. market—including dry diving suits and the Flexitank range of products to carry liquids and powders.

The first phase of the Picayune factory will be a 20,000 sq ft building, but there is space to expand to 120,000 sq ft on the six-acre site. The workforce is expected to grow to 80 over the next four years.

Avon has been supplying materials and components for Bell's air cushion vehicles (hovercraft) and surface-effect-ships (non-amphibious vessels driven by propellers in the water) from its flexible fabrications division in Chippenham.

Swiss bid for Small and Tidmas

Swiss Net intends to make a recommended offer worth £930,000 to J. C. Small and Tidmas. Terms are 77.5p cash for each Small and Tidmas ordinary share. The shares rose 8p to 76p on the Stock Exchange yesterday.

The directors of S and T and their families intend to accept in respect of 10 per cent of the ordinary capital. In addition, trustees have accepted in respect of a further 51.4 per cent.

Swiss Net company is a private company which is a 60 per cent subsidiary of CWC AG Zurich.

The company employs approximately 250 people in Switzerland and manufactures and supplies knitted and other fabrics for curtains, clothing and similar products.

Profits before depreciation and tax of the company in its latest financial year, 1983, were SwFr 1.34m.

BIDS AND DEALS IN BRIEF

J. H. Fenner, the engineering group which recently fought off a £43m bid from Hawker Siddeley, is paying US$2.5m (£2.1m) over two years for the Manheim manufacturing and belting division of Arbee Corporation.

Manheim makes specialist power transmission and conveyor belting products, and has expertise in processing various industrial plastic materials.

Fenner plans to consolidate its engineering products operation in Middletown, Connecticut into Manheim's facilities at Manheim, Pennsylvania and Windsor, Connecticut. It will then dispose of the unutilised part of its Middletown site.

* * *

Mr Andrew D. Millar, chairman of Nolton, has acquired from director David Innes his holding of 195,000 shares (4.6 per cent) at 50p per share. Together with associates, Mr Millar holds 1.21m shares (28.3 per cent).

* * *

Normans Group has exchanged contracts in respect of four properties that will provide further expansion of its retail warehouse business. Initial cash consideration amounts to £945,000. Additional payments may become payable, under certain circumstances, aggregating up to a maximum of £181,000.

It has taken over operation of The Food Warehouse in Hove (Sussex) by purchasing from Booker McConnell the leasehold interest in the retail warehouse together with the plant and equipment. The other three properties comprise a freehold building in Welshpool, a long leasehold interest in a building in Braintree, and a short leasehold interest in a building in East London.

* * *

Unilever's offer to acquire Brooke Bond has been accepted by holders of 71.09m Brooke Bond shares (22.8 per cent).

Unilever has now acquired or received acceptances for a total of 235.49m Brooke Bond shares (75.6 per cent).

Initiative in Kiwi fight passes to CFC

By Terry Povey

THE INIATIVE in the battle for control of Australia's Nicholas Kiwi appears to have passed back to Consolidated Foods Corporation (CFC) of the U.S. following three days of hectic market trading which has pushed Kiwi's share price from A$3.90 to A$4.50.

On Thursday of last week Reckitt & Colman of the UK declared their willingness to make a fight of it by taking a 14.9 per cent stake in the household products and non-prescription drugs group. Earlier CFC had made a A$289m (£200m) bid for most of Kiwi which had the backing of the company's board and major shareholders.

However, since Thursday's share buying operation by Reckitt, brokers acting on behalf of CFC have been trumping the UK company in bidding for each parcel of shares that has become available. "Consolidated's tactics are to pay over the odds to stop us," claimed Sir Michael Colman, Reckitt's finance director, yesterday.

At A$4.50 a share Kiwi's current price is way above the A$3.94 originally offered by Reckitt, and surpasses the notional A$5 a share from CFC. Brokers believe that the strong U.S. dollar is helping to support the American company's bid.

On Thursday of this week Reckitt is to hold an EGM at which shareholders are to be asked to back the offer for Kiwi. Also, sometime this week the board of the Australian company is due to meet and an announcement is expected on the attitude of the major shareholders and board members to the rival bids.

Presently Reckitt holds some 17 per cent of Kiwi, the Nicholas, Ramsay and Wickens family interests between 40 and 45 per cent and CFC perhaps as much as 9 per cent.

* * *

Berfors Finance has purchased from the executors of the late J. A. Wilkinson 411,392 ordinary shares in Phoenix Properties and Finance which, when added to 100,000 shares already owned amounts to approximately 7.68 per cent. Mr D. A. Landau, a director of Berfors Finance, owns beneficially 175,000 ordinary shares.

* * *

Fremont Insurance Company (UK) has increased its paid-up share capital by £1.25m to £5m.

MINING NEWS

Low copper prices may force Mt Lyell closure

BY KENNETH MARSTON, MINING EDITOR

ONCE AGAIN the prospect of a close-down faces the Mount Lyell copper mine in Tasmania of Renison Goldfields Consolidated (RGC), the 49 per cent-owned Australian arm of London's Consolidated Gold Fields.

Mr Max Roberts, chairman of RGC, has told Mr Robin Gray, the Tasmanian premier that the group may be forced to close Mount Lyell by the end of next year because it could no longer absorb the losses being generated by the mine as a result of low copper prices. The matter is to be considered at a board meeting on October 25.

Mr Gray said that the State Government would be taking immediate action to examine all possibilities for an extension beyond 1985. Even if closure was inevitable, the government would be determined to find a way of phasing it in over a period of years in order to ease the effects on the economy of the area.

In the RGC annual report Mr Roberts says that the group should continue to benefit from the revival in market for mineral sands and the expansion of its gold production. He adds, however: "The tin and copper operations will continue to challenge management."

The group has now set up an investment division which will concentrate on mining and resource shares. It has also extended energy interests by an agreement to take "a significant" interest in an oil exploration company.

Cominco still well up

CANADA'S Cominco metals and chemical group remains firmly in the black after last year's losses despite a reduced profit of C$4m (£2.5m) for the third quarter. It brings earnings for the first nine months of 1984 to C$29.3m (including C$5.2m from the sale of a U.S. oil recovery project) compared with a loss of C$40.4m in the same period of last year.

John Soganich reports from Toronto that Mr Norman Anderson, the chairman, points out that in line with economic recovery, consumption of zinc has risen 6 per cent and that of lead 4 per cent above last year's levels.

Recent oversupply and price weakness, he says, reflect lower consumption during the summer vacation months and he expects the situation to improve when labour negotiations have been concluded. Sales of Cominco's the U.S. automobile industry chemical and fertiliser products are expected to remain strong for the rest of the year.

Pine Point Mines, the zinc-lead producer, in which Cominco intends to reduce its interest of 69 per cent to approximately 51 per cent via the sale of 800,000 shares, reports third-quarter earnings of C$800,000.

They bring the nine-month total to C$11.5m against a loss of C$7.3m a year ago when operations were suspended for five and a half months owing to low metal prices and high costs.

BP sells African gem interest

Sierra Leone has acquired British Petroleum's 49.5 per cent interest in the country's national diamond mining company for $8.5m (£7.1m). President Siaka Stevens said in Freetown that $4m had already been paid and the rest would be paid in six months.

BP acquired the stake in these diamond operations as a result of its £410m take-over of London's Selection Trust in 1980. Much of the Sierra Leone production is of gem quality diamonds and over the years illicit mining of the deposits has been a major problem.

MINING NEWS IN BRIEF

THE consideration for the agreed sale on November 1 by South Africa's Messina of its mining interests in Zimbabwe to the Zimbabwe Mining Development Corporation (ZMDC) is Z$5.5m (about £3.2m). The proceeds will be used to acquire Zimbabwe Government bonds bearing interest at 4 per cent, redeemable in foreign currency in equal instalments over a period of six years.

These interests include 54.75 per cent of the shares of the subsidiary MTD (Mangula). Messina states that as the purchase price was negotiated on a composite basis, the directors are not aware of the value, if any, placed by ZMDC on the shares in MTD (Mangula).

It is added that ZMDC has been notified of the requirements of the stock exchanges regarding minority shareholders in MTD (Mangula) but at this stage it is not known whether ZMDC intends to extend an offer to those shareholders.

After being suspended last month at 12p, dealings were resumed yesterday in MTD Mangula shares which closed at 13p.

* * *

According to Tokyo reports the world's highest grade uranium deposit has been discovered in Saskatchewan by a consortium comprised of Japan's Idemitsu Kosan, Canada's Saskatchewan Mining Development Company and the French Cogema state-run nuclear fuel corporation.

Idemitsu said that the deposit has estimated recoverable reserves of some 125,000 tons, enough to keep all Japanese nuclear power plants operating for 20 years, and an average uranium content of over 10 per cent.

This compares with 3 per cent for existing high grade Canadian mines and around 1 per cent in Australia and 0.15 per cent in the U.S.

* * *

Canada's Royex Gold Mining has acquired 1.6m shares plus the right to a further 1.2m shares in Pezamerica Resources Corporation from a group of shareholders led by Mr Murray Pezim, chairman of Pezamerica.

This makes Royex the major shareholder and its nominees will hold six of the eight seats on the Pezamerica board.

TECHNOLOGY

EDITED BY ALAN CANE

Lap machine with full size liquid crystal display

BY PAUL TAYLOR IN NEW YORK

Professional Personal Computing

DATA GENERAL, the fast growing Westhoro, Massachusetts computer maker, bas introduced the first hriefcase portable to feature a "full size" liqudi crystal display.

The new £2,490 machine, unveiled at a recent and lavish New York City launcb, is the Data General One—a moderately priced full-feature IBM-PC compatible machine welghing nine pounds wbicb Data General ia betting will help it grap a sizeable chunk of the rapidly expanding market for battery powered portables.

The Data General One, designed and built by the U.S. Corporation's Japanese subsidlary, Nippon Data General, is described by the company, immodestly, as the frontrunner of "the next generation" of personal computers.

Despite its compact size — 13.7 x 11.7 x 2.8 ins — and weight, Data General, using the latest complementary metal oxide semiconductor (C-MOS) componants, *has packed* the machine with advanced features.

But it is probably the screen whicb will attract most attention. The "flip-up" LCD display is capable of sbowing 25 lines by 80 columns of text, the same as a standard cathode-ray tube together with bit-mapped 640 by 256 pixel graphics comparable to, and compatible with, the IBM PC.

Unlike most LCD screens, but similar to conventional CRT's, the panel displays characters sized in a two to one ratio. Displays on many computers present characters in a one-to-one ratio which diminishes legibility and distorts graphic images. In addition the Data General *machine's* display generates a variety of shades of grey allowing it to be used with colour graphics software packages.

The result is a flat screen display which, while somewhat more sensitive to external lighting conditions for legibility than a conventional CRT, is very acceptahle.

Aside from the LCD technology itself, the key to how Nippon Data General achieved the breakthrough is two custom designed C-MOS gate array components. The new system emulates the display functionality of tbe IBM PC, but in a much more compact package. These display controllers allow the Data General *One* to *take* advantage of evolving LCD tecbnology.

Extensive use of low power consuming C-MOS technology is also behind many of the machine's other features. In particular it is one of tbe first to use the C-MOS version of Intel's 8088 microprocessor, the 80C88: by using this processor the Data General One is able to achieve its high degree of compatibility wlth the IBM PC.

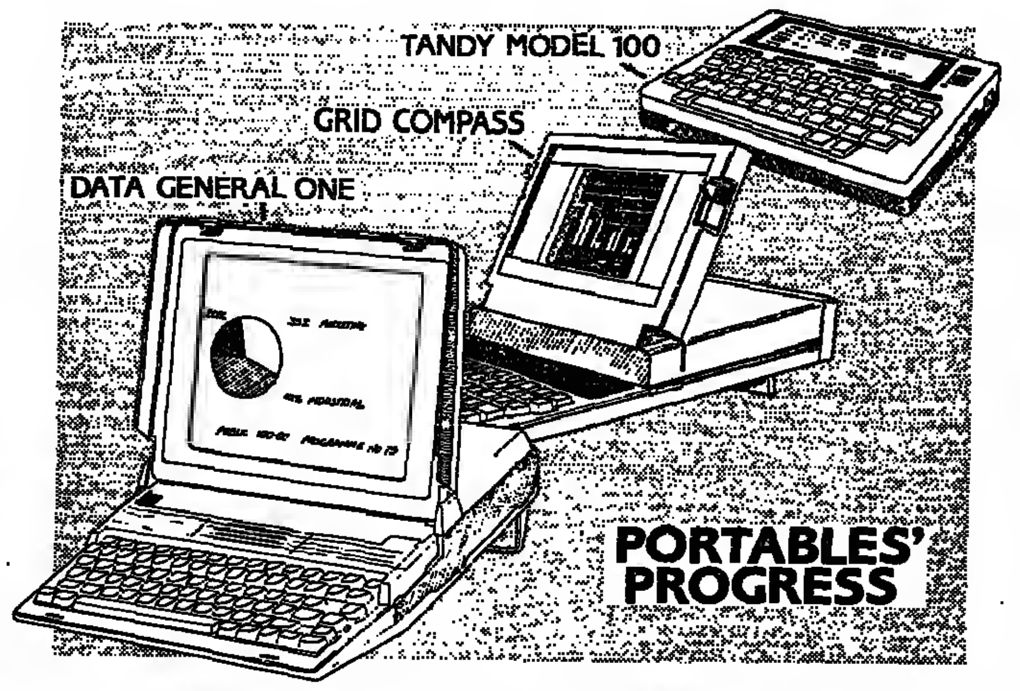
But as well as running MS-DOS, the de-*facto* industry atandard operating system, the Data General One will also run CPM-86 and Venix, and AT & T *licensed implementation of* Unix. This provides the Data General One with acceсs to the vast library of existing IBM PC software, including the crucially important business applications software as well as access to Data General's own CEO comprohensive electronic office system *using* a *software* package called the CEO Connection whicb allows Wordstar and Multiplan files, for example, to ba transferred to larger computers running tha CEO package.

The other striking innovation in the Data General One is the use of large capacity internal 3.5 inch micro-floppy disk drives. The machine comes packaged with the 737kb micro floppy and a second can ba added for $599. The use of an internal micro-floppy has some limitations. In particular, data disks from say, an IBM PC, must be transferred to tbe smaller format before they can be used on the Data General One.

But Data General bas gone *some way* to solve *this* irritation wbila maintaining the all important portability of the machine. At the launch, many major business software vendora displayed 3.5 incb floppy versions of their products, for example Wordstar, and several integrated spreadsheet packages are already available.

The machine comes with a recbargeable nickel-cadmium battery pack that can run the computer for np to 10 bours of constant use.

So far the company says initial response to the new system has been "excellnt." What remains to be seen is how Data General's new "baby" performs in an increasingly competitiva marketplace and whethar Data General, which bas relatively *little experience in the* personal computer segment, will be able successfully to market the machine.



Three classic portables: the Tandy 100, Grid Compass and Data General One

Is there really a market for portable computers?

BY LOUISE KEHOE IN SAN MATEO

THE PORTABLE computer market is the most volatile sector of all.

The early "portable" computers (now referred to as "luggables" or, more politely, "transportables") *included* the renowned Osborne computer which set more than one industry trend. As well as being the first portable computer company, Osborne was the first major personal compnter company to go bankrupt.

More recently, the industry has again been shaken by tha bankruptcy of Gavilan, the company that promised the first brief-case computer, but failed to deliver.

The withdrawal of "Workslate" the executive portable offered by Convergent Technologies after *disappointing* sales cast further donbt npon the strength of the market. "The portable market does not exist," Allen Michaels, president of Convergent Technologies claims.

Apple Computer, although it introduced a portable version of the Apple II personal machine earlier this year was very careful to stress its portability (once considered a key feature). "I am not convinced about the viability of the portable market," says John Sculley, president of *Apple Computer.*

Recent portable computer introductions by Hewlett-Packard, Sperry and Data General, with IBM expected to follow suit next spring, would however suggest that *the "Big Boys" of the computer* industry see great opportunity in portables.

Market analysts paint a rosy fnture for portable computer sales. Dataqnest predicts that its growth rata will *be 116 per cent a year* through 1988. Future Computing estimates that 35 per cent of all personal computers will be portable within five years.

To date, however, few companies have turned a profit in the portable personal compnter business. Grid Systems of Mountain View, California, is an exception. The company has shipped about 10,000 of its briefcase-size "Compass" personal computers over the past two years and expects to triple its sales next year.

Grid has focussed npon the high performance end of the portable market. Its "Compass" incorporates an electro*luminescent screen that has* higher definition than a conventional video display. Bubble memory is another expensive, but bigh performance feature of the Compass.

Grid once toyed with tha idea of a lower price portable, with a liquid crystal display and a microfloppy disk drive, but has shelved the idea, *at least for now.* "I question whether there really is a consumer market for portable computers, says Roger Higgins, vice-president of International Marketing. Grid has also abandoned retail sales distribution in the U.S.

"Tha market is developing very quickly. We have definitely established several categories of users for whom the portable machine fills a real need. We are going to continne to go after them—possibly with even higber *performance machines."*

Grid hreaks down its market into three categories: 40 per cent of sales are to insurance, banking, anditing and similar firms. Engineering applications such as oil and gas exploration, and field maintenance, represent another 30 per cent and the balance is used by the military.

The Grid computers have a dual appeal as both portable and very rugged machines. *Ruggedised* versions of the Compass were used by U.S. troops in Grenada, for example. The Compass has also been into space on board a NASA shuttle.

But the Compass was originally promoted as an executive status symbol, the "*Porche*" of *personal* computers. Now there is some evidence that the market might now be ready far that approach, while it clearly was not two years ago. A Focus group study condncted on behalf of Infocorp, the San Jose market research group, reveals that potential portable computer buyers are keenly *aware of the appearance of a* machine. They want to be seen using it and they want it to be an their desk without *being the dominant feature of* the office.

Those who want portable computers describe machines that to date do not exist. They are looking for a computer with large flat screen, *high memory capacity,* modem and disk drive that is lightweight and costs under $3,000. The portable, they stress, must be 100 per cent compatibla with their desk-top computer.

Testing

Hot and cold for aircraft electronics

ENGINEERS *are building* in Hampshire two new climatic chambers *that* will simulate conditions inside aircraft to help in the testing of avionics hardware.

The two 500 litre chambers are *being installed at Plessey* Assessment Services in Titchfield at a cost of £150,000. Technicians will be able to switch the temperature inside the equipment from −70 deg C to 96 deg C. Pressure will vary from atmospheric pressure to a near vacuum.

The chambers will test electronic and electromechanical aircraft *components* as well as hardware to be transported by air.

Computing

Spreadsheet for the 'BBC–B'

ACORNSOFT, the software subsidiary of Acorn Computers, has lanneheb a number of products related to the company's View word processing system.

The products inelude a financial spreadsheet called ViewSheet, an automatic index generator and printer driver generator. View-Sheet, at a price of £59.80, is designed for most business and financial calculations including "what if"? predictive modelling. More details from Acornsoft in Cambridga on 0223 316039.

Photography

Instant slides

EASTMAN KODAK, continuing its assault on new markets, has lanuched the first of a range of instant photographic products. This is an instant colour slide film which takes only 15 minutes to *process,* trim and mount.

There are 10 individual frames in each Instagraphic slide pack. After processing, backing material can be removed and the slide allowed to dry.

Radar

Out of range

THE MINISTRY OF DEFENCE hopes to keep away civilian ships from its firing range at *Shoeburyness,* with the help of a radar system that Racal Marine Radar is to instal.

Software Sciences of Farnborough will supply as a subcontractor to Racal a set *of software* for the radar display system. This will highlight on a screen the positions *of* vessels in the area of *the* Thames estuary that may accidentally be wandering into the firing range, where up to 10 gun sites may be active.

Portable pharmacy

ENVAIR, a company in Rossendale, Lancashire, is to build a transportable pharmack unit for the New Cross Hospital i n Walverhampton.

The £92,000 pharmacy will be fitted out in Envair's factory and transported by road to the Midlands. It will contain *filtering equipment to* kep air at high standrrds of clealiness so that medical staff can work on sterile materials.

Agricultural loader

A NEW loader for agricultural vehicles extends up to 20 feet so that a vehicle such as a tractor can stack bales of grain or other materials in places that are difficult to reach.

The £4,000 mechanism, made by Uni-Drive Tractors of Ampthill, Bedfordshire, can be fitted to a frame of a tractor in half an hour.

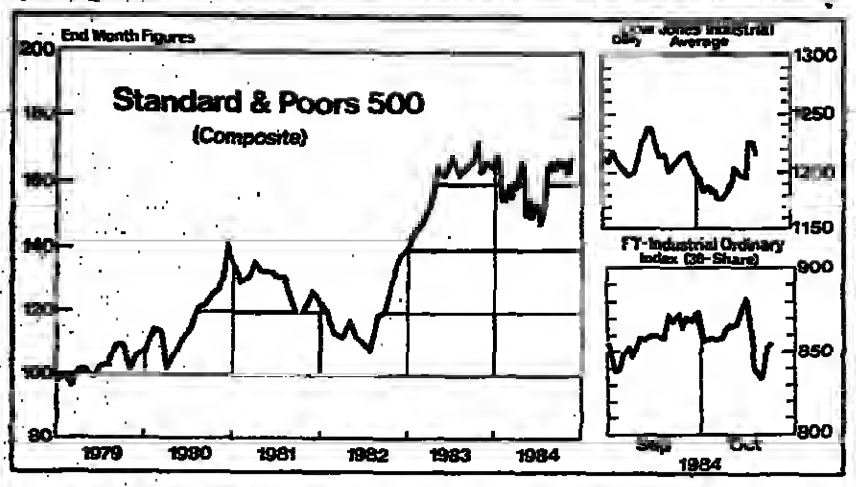
SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday October 23 1984

Swiss domestic bond sector suffers rare upset, Page 42

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,217.20	1,225.93	1,248.88
DJ Transport	541.67	542.74	590.3
DJ Utilities	143.47	144.8	138.82
S&P Composite	167.36	167.96	165.95
LONDON			
FT Ind Ord	855.5	853.5	685.3
FT-SE 100	1,115.4	1,111.3	926.3
FT-A All-share	526.66	524.83	428.85
FT-A 500	570.44	569.16	464.50
FT Gold mines	549.5	544.4	520.8
FT-A Long gilt	10.53	10.54	10.41
TOKYO			
Nikkei-Dow	11,077.84	10,845.17	9,370.21
Tokyo SE	856.49	840.92	683.69
AUSTRALIA			
All Ord.	745.4	748.6	688.5
Metals & Mins.	435.2	439.7	512.9
AUSTRIA			
Credit Aktien	56.72	56.70	54.35
BELGIUM			
Belgian SE	182.65	182.20	125.24
CANADA			
Toronto			
Metals & Minls	2,006.59	2,030.6	2,352.0
Composite	2,384.16	2,395.9	2,425.2
Montreal			
Portfolio	117.94	118.65	118.52
DENMARK			
Copenhagen SE	166.26	165.59	198.08
FRANCE			
CAC Gen	179.2	179.0	139.7
Ind. Tendance	115.0	115.0	88.1
WEST GERMANY			
FAZ-Aktien	376.98	376.27	337.12
Commerzbank	1,101.2	1,098.3	1,000.00
HONG KONG			
Hang Seng	1,053.05	1,031.8	784.92
ITALY			
Banca Comm.	212.7	212.23	185.45
NETHERLANDS			
ANP-CBS Gen	182.1	179.4	141.2
ANP-CBS Ind	142.6	141.0	115.4
NORWAY			
Oslo SE	263.19	261.79	210.42
SINGAPORE			
Straits Times	875.29	865.12	957.99
SOUTH AFRICA			
Golds	999.0	994.3	727.3
Industrials	863.5	862.7	906.1
SPAIN			
Madrid SE	144.82	145.95	121.62
SWEDEN			
J & P	1,459.09	1,450.62	1,418.71
SWITZERLAND			
Swiss Bank Ind	377.7	378.2	343.5
WORLD	Oct 19	Prev	Year ago
Capital Int'l	184.0	182.9	179.7

GOLD (per ounce)

	Oct 22	Prev
London	$339.25	$338.50
Frankfurt	$339.25	$339.25
Zürich	$339.00	$338.50
Paris (fixing)	$336.84	$340.73
Luxembourg (fixing)	$338.05	$340.00
New York (Oct)	$338.40	$338.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Oct 22	U.S. DOLLAR Previous	STERLING Oct 22	STERLING Previous
$	–	–	1.1995	1.1925
DM	3.075	3.072	3.6875	3.665
Yen	247.25	247.35	296.5	294.75
FFr	9.435	9.45	11.32	11.25
SwFr	2.529	2.5325	3.0325	3.02
Guilder	3.469	3.4675	4.16	4.13
Lira	1,906.5	1,901.5	2,287	2,266.75
BFr	62.1	62.2	74.6	74.15
C$	1.32105	1.32375	1.5845	1.5795

INTEREST RATES

	Oct 22	Prev
Euro-currencies (3-month offered rate)		
£	10⅝	10 11/16
SwFr	5⅛	5⅜
DM	5 15/16	5 11/16
FFr	11	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10½	10⅝
6-month U.S.$	10 11/16	10 11/16
U.S. Fed Funds	9⅞	10
U.S. 3-month CDs	9.95	10
U.S. 3-month T-bills	3.54	9.55

U.S BONDS

Treasury	Oct 22* Price	Oct 22* Yield	Prev Price	Prev Yield
11⅝ 1986	100 14/32	11.37	100 14/32	11.37
12¼ 1991	101 11/32	11.91	101 11/32	11.91
12⅝ 1994	103 20/32	11.93	103 1/32	11.82
12½ 2014	106 9/32	11.73	106 9/32	11.73
Corporate				
AT & T				
10⅜ June 1990	92⅞	12.15	92⅞	12.15
3⅞ July 1990	71	10.85	71	10.85
8¾ May 2000	75½	12.30	75½	12.30
Xerox				
10⅞ March 1993	91⅞	12.30	91⅞	12.30
Diamond Shamrock				
10⅞ May 1993	90⅞	12.40	90⅞	12.40
Federated Dept Stores				
10⅞ May 2013	75½	12.30	75½	12.30
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12¼ Dec 2012	95½	12.85	95½	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	70–20	70–21	70–00	70–09
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.43	90.50	90.40	90.44
Certificates of Deposit (IMM) $1m points of 100%				
Dec	89.70	89.77	89.62	89.68
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	89.27	89.28	89.21	89.30
20-year Notional Gilt £50,000 32nds of 100%				
Dec	106–13	106–13	105–15	105–20

COMMODITIES

(London)	Oct. 22	Prev
Silver (spot fixing)	601.35p	603.35p
Copper (cash)	£1,051.25	£1,052.00
Coffee (Nov)	£2,558.00	£2,552.00
Oil (spot Arabian light)	$27.05	$27.03

WALL STREET

Oil price worries force pause

BOTH the stock and fixed interest sectors paused for breath on Wall Street yesterday, as investors waited cautiously for the next move on world oil prices and also for the outcome of this week's auctions of U.S. Treasury securities, *writes Terry Byland in New York.*

Stock prices drifted lower all day without attracting any significant weight of selling. By the close, the Dow Jones industrial average was a net 8.73 lower at 1,217.20, on turnover of 81.7m shares.

The stock market failed to respond to a late rally in bonds, which brought gains of ½ point or so at the long end. The key long bond gained 23/32 to 107 31/32.

The credit markets held steady, with last week's huge drop in short-term rates sustained by a federal funds rate still below 10 per cent. The bond market eased back cautiously ahead of today's sale of $4bn in 20-year Treasury securities.

In the stock market, turnover remained high although sharply below the levels set last week.

Airline issues, one of the strongest sectors last week as falling oil prices promised a sustantial reduction in costs, had another busy session. Pan American added $⅛ to $5⅛, but Eastern was $⅛ off at $5⅜ and Delta $¼ easier at $37¼.

The Dow Jones transportation average attempted a fresh advance at first but settled down by mid-session to show little change. The utilities average, responding vigorously last week to expectations of lower interest rates, recorded a minor fall.

Oil stocks remained subdued ahead of the quarterly reporting season and the Opec debate on pricing policy. Exxon slipped $⅛ to $41¼, Atlantic Richfield $⅜ to $46 and Chevron by $⅛ to $32⅞. But Mobil added $¾ to $28¾ in heavy turnover, while Philips Petroleum firmed, with a gain of $⅜ to $38⅝.

Standard Indiana was $⅜ higher at $56⅛, on slightly easier profits. The stock price benefited from Indiana's plan to buy in 30m shares.

Among oil-related issues, Hughes Tool, which dominates the market for drill bits, edged up $⅛ to $14¼ on its turnround into profit.

Pharmaceuticals were active on results. SmithKline Beckmann eased $⅛ to $57¾, and Schering-Plough added $⅜ to $37⅛, both commenting on the effects of the dollar's strength on earnings. Bristol-Myers, however, at $48⅞, added $⅝ on its figures.

Pfizer fell $1⅛ to $36 in hefty turnover after a brokerage analyst expressed fears that a meeting this week of the Food and Drug Administration's advisory committee might bring tighter restrictive labelling on Pfizer's Feldene anti-arthritic drug.

Among aerospace issues, Boeing at $57⅞ held steady after its results.

The computer sector edged up, led by IBM, $1 higher at $126, and NCR, $⅜ up at $25½. Higher profits lifted Prime Computer by $⅜ to $17⅛. Honeywell also attracted buyers, putting on $⅛ to $59⅞.

In steels, National Intergroup, $⅜ off at $28⅝, and Armco, $¼ down at $10⅛, responded to trading statements. The quarterly report from Northern Telecom left the stock unchanged at $38⅝, but Eaton added $¼ to $51¼ on its figures.

A heavy drop in profits at H. F. Ahmanson, the prominent name in the battered savings and loan industry, took $1½ off the stock at $23¼, but a sharp recovery in earnings at Winnebago, the mobile home manufacturer, left the stock unchanged at $14.

In the credit markets, short-term rates edged higher after a quiet start. Investors awaited the outcome of the sale of $13.2bn in Treasury notes to be announced late in the session and expected to test the quality of last week's tumble in rates.

The bond market looked firm at one stage, but it was finally overborne by a dip in the existing 20-year bond ahead of today's auction.

TOKYO

Overseas impetus fuels rally

THE SHARP rally seen on Wall Street last week provided the impetus for further gains in Tokyo yesterday, which took the Nikkei-Dow market average over the 11,000 level, *writes Shigeo Nishiwaki of Jiji Press.*

Incentive-backed issues, particularly biotechnology-related shares, attracted buyers during the morning while interest shifted later to leading blue-chip stocks, pushing up prices on a broad front.

The Nikkei-Dow soared 149.16 to 11,077.84 – rising above 11,000 for the first time since May 9 – for a net gain of 334.97 over four consecutive sessions. Volume fell to 368.54m shares from 422.23m last Friday.

Advancing blue-chip stocks ranged from leading to top-priced issues. Among the leaders, Hitachi topped the active list with 12.25m shares changing hands, its price rising Y33 to Y918.

Fujitsu benefited from good operating results, rising Y100 to Y1,550. Other gainers included NEC up Y40 to Y1,340, Ricoh up Y60 to Y1,090 and Canon up Y10 to Y1,670. Among other blue chips, Matsushita Electric Industrial firmed Y80 to Y1,750, Sony Y230 to Y4,140 and Fanuc Y350 to Y12,400.

The market was encouraged by expectations of a continued advance on Wall Street, and large securities houses aggressively bought blue-chip stocks, in anticipation of increased foreign buying.

Biotechnology-related drug issues and non-ferrous metal shares attracted morning buying interest but lost ground in the afternoon amid heavy buying of blue-chip issues. Banyu Pharmaceutical closed Y14 down at Y386 and Mitsubishi Metal Y13 down at Y601.

In the bond market, many investors moved to the sidelines, following the surge late last week prompted by dips in long and short-term U.S. interest rates. Trust banks – heavy buyers during the latter half of last week – shied away from the market, but financial institutions serving the agricultural and forestry sector stepped in with active purchases.

Despite some profit-taking, the yield on the benchmark 7.3 per cent government bond, due in December 1993, remained almost unchanged at 6.930 per cent.

HONG KONG

PEKING'S announcement of a broad new economic programme sent Hong Kong share prices soaring, with the Hang Seng index reaching a six-month high of 1,053.05, a jump of 21.25.

Hongkong Telephone was favoured with a HK$1.25 rise to HK$45.50 while Hang Seng led a slightly less than vibrant banking sector with a HK$1 advance to HK$37.25.

Hutchison Whampoa drew strength from the Chinese news and from steady institutional buying, which pushed it 40 cents higher to HK$14.40. Jardine Matheson gained 25 cents to HK$7.90.

EUROPE

Amsterdam reaches record high

HEAVY foreign demand in the Amsterdam market, already buoyed by the economic outlook and prospects for lower domestic interest rates, took shares to all-time highs yesterday.

In Frankfurt, too, further records were set with the midsession calculation of the Commerzbank index edging through the 1,100 level for the first time, although prices fell back later to close little changed on the day.

In **Amsterdam**, the ANP-CBS General index added 2.7 to 182.1 in heavy trading, with U.S. and Swiss investors demonstrating particular interest.

Internationals were the most actively traded issues, with Unilever up Fl 11.20 to Fl 316.70. Hoogovens Fl 1.20 to Fl 66.80 and Philips 50 cents to Fl 56.20 – all new highs for the year. The international index, up 3.6 at 201.7, was at a 12-month peak.

The financial sector was firm, with insurer Amev gaining Fl 3.70 to Fl 188.20 and Aegon up Fl 1 to Fl 133. Among the banks, ABN rose Fl 1.50 to Fl 352 and NMB Fl 1 to Fl 154.

Bonds were broadly firmer in moderate turnover. Meanwhile, trading in Beatrice Foods 6.25 per cent Euroguilder notes was suspended following confusion over whether the Fl 100m issue is liable to U.S. withholding tax.

In **Frankfurt**, some profit-taking was seen during afternoon trading in the wake of the 2.9 advance by the Commerzbank index to 1,101.2.

The banking sector remained firm, however, with Deutsche Bank up DM 2.60 at DM 378. Dresdner Bank and Commerzbank each added 20 pfg to DM 174.50 and DM 172.20 respectively.

Insurer Allianz rose DM 34 to a record DM 1,147 in anticipation of the corporate restructuring, while in steels Klöckner gained DM 4.60 to DM 77.40 in continued reaction to its plans to merge steel-making operations with Krupp.

Bonds were up to 25 basis points lower in quiet trading amid profit-taking after recent gains. The Bundesbank bought DM 48.2m of paper to balance the market after sales totalling DM 44m on Friday.

A moderate advance was seen in **Brussels**, led by the utilities sector which rebounded as fears eased over a regional government proposal to nationalise electricity distribution. Tractionel put on BFr 20 to BFr 4,170, and Unerg was BFr 45 ahead at BFr 1,640.

Arbed, the Luxembourg steelmaker, gained BFr 30 to BFr 1,810 as it announced a return to profit.

Zurich ended steady, but volume declined in the absence of foreign demand.

Pirelli advanced SwFr 5 to SwFr 267 following the announcement that its Basle-based holding company plans a one-for-three rights issue.

Alusuisse fell SwFr 9 to SwFr 741 in the wake of plans for a 10 per cent cut in output at the company's European aluminium plants.

Among banks, Crédit Suisse added SwFr 10 to SwFr 2,245 following its forecast that gross results for the year will at least match last year's outcome.

Bonds were little changed in thin trading.

Paris shares were narrowly mixed amid book squaring ahead of today's end of the monthly account.

In the bond market, the price of the 15-year, 7 per cent "Giscard" bond eased following last week's National Assembly decision to withdraw its tax privileges.

Milan was generally higher, with Italmobiliare, the holding company of the Pesenti group, up a further L4,510 to L61,500 on heavy foreign demand and covering operations. Olivetti also benefited from a flow of orders from abroad, adding L179 to L6,125.

Weakness in utilities, foods and constructions was responsible for a lower **Madrid** market.

Stockholm was mixed although the drugs concern Astra added SKr 25 to SKr 405 in the wake of Friday's SKr 17 advance.

LONDON

Caution precludes advance

AN UNDERLYING caution militated against any major advance in London yesterday as investors, initially encouraged by last Friday's rally and the possibility of developments in the miners' dispute, were left disappointed.

An early gain of 5.9 in the FT Industrial Ordinary Index was transformed into a net 2-point loss to close at 855.5.

A clutch of food shares attracted considerable speculative support before interest faded. Tate & Lyle was characteristic of the trade with an early advance to 437p prior to falling back to close 2p cheaper at 420p.

Gilts were aided by the Government's assurances that it would not try to reflate the economy by more borrowing. Light demand pushed longs up ½ point, and most quotations held their gains. Index-linked stocks were more uncertain despite easier money market rates.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

AUSTRALIA

LEADING mining stocks turned lower in Sydney as some investors re-evaluated the prospects of an upturn in world commodity prices. The Metals and Minerals index shed 4.5 to 435.2, and the All Ordinariesslipped3.2to745insympathy.

BHP fell 25 cents to A$10.10 following its 25-cent dividend while Castlemaine Tooheys was unchanged at A$5.26 amid its one-for-six scrip issue.

Further bid activity raised Nicholas Kiwi 15 cents to A$4.50 while Thomas Nationwide was steady at A$1.90 ahead of its unchanged first-quarter payout.

SINGAPORE

FAVOURABLE tax changes in Malaysia's proposed 1985 budget injected a buoyant note in Singapore, with the Straits Times index adding 10.71 to 875.29.

Among the best performances were Rothmans, 20 cents up at S$3.06, and Gentings, 15 cents higher at S$5.25 while Pahang, the most active, gained 3 cents to S$1.27. Pan Electric, also active, improved 2 cents to S$3.32.

SOUTH AFRICA

THE INDECISIVE movements in the bullion price left many Johannesburg gold shares little changed.

Free State Geduld managed to add 50 cents to R54.50, and Buffels held on to a 25-cent gain at R79.25.

Most other sectors were steady, with industrial leader Barlow Rand 10 cents higher at R10.25.

CANADA

MODEST losses were encountered in most Toronto share sectors although oils recovered from some of their early weakness.

Industrials were the weakest spot in Montreal, with utilities and banks displaying a modicum of strength.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.1	20	131	22¾	22½	22½	−⅛
30⅞	9⅞	AGS			10	33	13½	12¾	12¾	−¼
22	13½	AMCA	n 1	8.7		1	15	15	15	
18⅞	13⅛	AMF	.50	3.0	152	233	18¾	16⅞	18¾	+¼
41⅛	24¼	AMR			5	5518	31½	30⅞	31⅛	+⅛
20⅞	18¾	AMR	pf2.18	11		5	19⅝	19⅝	19⅝	
41⅞	27½	AMR	pf2.13	6.5		271	33½	32½	32¾	−½
25½	22⅞	ANR	pf2.67	11		4	24½	24½	24½	
18¼	8½	APL			2	41	14	13⅝	14	+¼
68¼	40¼	ARA	2.10	3.1	14	64	68¼	68⅛	68⅛	+¼
68⅛	44⅞	ASA	3a	5.3		191	56⅞	56⅛	56⅛	−½
30⅞	16½	AVX	.32	1.8	12	60	20½	19⅜	19½	−⅛
51⅞	35¼	AbtLab	1.20	2.9	13	1273	42½	41⅛	41¼	−1⅛
35⅛	24¼	AccoWd	.66	2.1	19	29	32⅞	32	32⅞	+¼
27¼	12½	AcmeC	.40	2.6		50	15¾	15¼	15¾	−⅛
12⅞	8¼	AcmeE	.32b	3.2	16	13	10¼	10⅛	10⅞	−⅛
24⅞	17	AdmDg	.04	.2	13	37	24¼	24¼	24¼	−¼
18¾	15	AdaEx	2.11e	13		49	16⅝	16½	16⅝	+½
18⅞	11⅞	AdmMl	.28	1.8	8	4	15⅞	15¾	15⅞	+⅛
22	13½	AdvSys	.911	5.2	15	38	16⅛	15½	15½	−⅛
41⅛	25⅛	AMD			18	2488	36½	35⅛	35½	−⅛
14⅞	7⅞	Advest	.12	1.3		34	9¼	9	9¼	−⅛
17⅞	9⅞	Aerflex			12	74	12¾	12¼	12½	+¼
39	27¼	AetnLf	2.64	7.3	33	4487	36¼	35⅞	36	−½
58¼	52⅛	AetL	pf5.78e	11		708	54⅞	54⅛	54⅞	+⅝
34½	15¾	Ahmns	1.20	5.0	8	1942	25	23⅛	23⅞	−⅞
5½	2⅜	Aileen				24	2¾	2⅝	2¾	
49¼	36½	AirPrd	1.20	2.8	10	1378	43¼	43⅛	43½	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 22	Price Sch%	+ or −
Creditanstalt	211	......
Goesser	327	−1
Interunfall	389	......
Laenderbank	214	+1
Perlmooser	361	−2
Steyr-Daimler	148	......
Veitscher Mag.	960	......

BELGIUM/LUXEMBOURG

Oct. 22	Price Frs.	+ or −
B.B.L.	1,660	......
Bekaert B	4,960	+60
Ciment CBR	2,695	−100
Cockerill	302	−5
Delhaize	5,980	......
EBES	2,870	+10
Electrobel	6,380	+20
Fabrique Nat.	9,250	+100
GB Inno BM	6,010	......
GBL (Brux)	2,340	......
Gevaert	5,755	+5
Hoboken	6,060	+40
Intercom	2,140	+10
Kredietbank	7,600	......
Pan Hldgs.	10,250	......
Petrofina	7,390	−20
Royale Belge	9,600	+50
Soc. Gen. Banq	3,250	+6
Soc. Gen. Belge	1,885	+10
Sofina	7,670	+20
Solvay	4,460	+5
Stanwick Intl.	1,470	−10
Tractionel	4,170	+20
UCB	6,430	......
Wagon Lits	2,520	+5

DENMARK

Oct. 22	Price Knr %	+ or −
Andelsbanken	952	+5
Baltic Skand	835	......
CopHandelsbank	266	+6
D. Sukkerfab	565	......
Danske Bank	261	+6
De Danske Luft.	1005	+50
East Asiatic	190	+1
Forenede Brygg.	745	......
Forenede Damp.	100	−1
GNT Hldg	400	+10
I.S.S.B.	405	......
Jyske Bank	469	+11
Novo Ind.	1,355	−75
Privatbanken	240	+6
Provinsbanken	516	+5
Smidth (F)	280	+4
Sophus Berend	845	......
Superfos	440	+6

FRANCE

Oct. 22	Price Frs.	+ or −
Emprunt 4½% 1973	1,718.5	+0.6
Emprunt 7% 1973	6,895	−8
Accor	256	+0.8
Air Liquide	656	+1
BIC	495	−5
Bongrain	1,200	+4
Bouygues	620	−1
BSN Gervais	2,654	......
CIT-Alcatel	1,169	−12
Carrefour	1,710	+20
Club Mediter'n	1,052	+1
Cie Bancaire	663	+3
Cofimeg	220	−2
Damart	2,210	+16
Darty	1,119	+19
Dumez S.A.	663	−12
Eaux (Cie Gen)	540	+1
Elf-Aquitaine	233.8	−5.7
Essilor	9,850	−40
Gen. Occidentale	671	......
Imetal	87	−0.5
Lafarge Coppee	378	+1
L'Oreal	2,485	+6
Legrand	1,970	+40
Maisons Phenix	146	+8
Matra S.A.	1,838	+13
Michelin B	869	+7
Midi (Cie)	1,840	+35
Moet-Hennessy	1,820	−10
Moulinex	95.1	−0.9
Nord Est	63.3	+1.5
Pernod Ricard	750	+1
Perrier	608	−8
Petroles Fra.	228.5	+6.6
Peugeot S.A.	199.5	−1.6
Printemp.Aus.	165.1	−0.4
Radiotech	220.6	+0.3
Redoute	1,200	+1
Roussel-Uclaf	1,620	−6
Sefimeg	264.9	+2.9
Skis Rossignol	1,700	+90
Telemech Elect.	1,880	+10
Thomson CSF	362	+1
Valeo	226.1	−3.9

GERMANY

Oct. 22	Price Dm.	+ or −
AEG-Telef.	102	−1.5
Allianz Vers	1 147	+34
BASF	172.1	−0.2
Bayer	183	−0.5
Bayer-Hypo	298.5	+1
Bayer-Verein	553	+1
BHF-Bank	276	−1
BMW	389.5	−1.6
Brown Boveri	199	+2
Commerzbank	172.2	+0.2
Cont'l. Gummi	196.6	−0.6
Daimler-Benz	602	−2
Degussa	377.5	+0.5
D'sche Babcock	187	+1
Deutsche Bank	378	+2.6
Dresdner Bank	174.5	+0.2
GHH	160.2	−0.8
Hochtief	473	−1
Hoechst	182.3	+0.1
Hoesch Werke	109	−1
Holzmann (P)	578	−5
Horten	175	−2
Hussel	290	+4
Karstadt	257.5	......
Kaufhof	227	−0.5
KHD	253.5	+9
Kloeckner	77.4	+4.6
Linde	383	−1.5
Lufthansa	164.8	+3.8
MAN	157.8	−1.0
Mannesmann	166.8	−0.1
Mercedes Hld.	631	−2
Metallgesell	220	......
Munich Rueck	1185	+5
Nixdorf	544.8	−3.6
Porsche	1064	−9
Preussag	259.6	−0.1
Rhein West Elect	168	−1.5
Rosenthal	258.6	+3.6
Schering	405	......
Siemens	455.6	−0.1
Thyssen	82.8	+1.0
Varta	170.2	−0.8
Veba	172.4	−1.1
V.E.W.	121.9	−0.1
Verein-West.	326	−1
Volkswagen	199.3	−0.2

ITALY

Oct 22	Price Lira	+ or −
Banca Com'le.	15,770	......
Bastogi-IRBS	108	−1
Centrale	2,154	+14
Credito Varesino	3,700	+70
Fiat	1,706	−6
Finsider	54	−1
Generali Assicur.	50,180	+30
Invest	2,840	+100
Italcementi	63,050	......
La Rinascente	461	+5
Montedison	1,177	−1
Olivetti	6,195	+179
Pirelli Co.	2,888	+7
Pirelli Spa	1,765	+5
Snia BPD	1,869	+26
Toro Assic.	11,400	−20
do. Pref.	8,396	+184

NETHERLANDS

Oct. 23	Price Fls	+ or −
AGF Holding	189	......
AEGON	185	+1
Ahold	190.6	+1
AKZO	100.7	+1.6
ABN	352	+1.5
AMEV	188.2	+5.7
AMRO	68	......
Bredero Cert.	156	+1
Bos Kalis Westm.	16.8	+0.7
Buehrmann-Tet	68.5	+0.5
Calland Hldgs.	33.6	+0.3
Dordtsche Pet'm	142.6	+1.2
Elsevier-NDU	112	+5.5
Fokker	67	+0.6
Gist Brocades	171	+2.5
Heineken	141.9	+0.9
Hoogovens	66.8	+1.2
Int Mueller	39.1	+1.1
KLM	44.2xc	+1.6
Naarden	46.6	−0.3
Nat Ned Cert.	242	+1
Ned M d Bank	154	+1
Nedlloyd	155.4	+0.6
Oce Grinten	271.2	+2.7
Ommeren (Van)	60	−0.3
Pakhoed	60.5	+0.6
Philips	66.2	+0.5
Robeco	69.5	+0.6
Rodamco	154.8	+0.1
Rolinco	n6	+0.6
Rorento	45.5	+0.3
Royal Dutch	167.2	+1.6
Unilever	316.7	+11.2
VMF Stork	182.5	+2
VNU	183.5	+3.6
West Utr Bank	107.6	+6

NORWAY

Oct. 22	Price Kroner	+ or −
Bergens Bank	150	+6
Borregaard	605	+10
Christiania Bank	142	+5
DenNorske Cred	165	+0.6
Elkem	123	+2
Kvaerner	169.5	−9.5
Norsk Data	352.5	−2.5
Norsk Hydro	120xa	+2
Storebrand	177	−1

SPAIN

Oct. 22	Price Pts%	+ or −
Bco Bilbao	346	−1
Bco Central	557	−2
Bco Exterior	215	......
Bco Hispano	232	......
Bco Popular	388	−4
Bco Santander	626	−4
Dragados	158.6	−4.6
Hidrola	75.2	−1.3
Iberduero	83.2	+0.2
Petroleos	146	−9
Telefonica	66	−0.2

SWEDEN

Oct. 22	Price Kronor	+ or −
AGA	347	+2
Alfa-Laval	191	−1
ASEA (Free)	350	−5
Astra (Free)	405	+26
Atlas Copco	104	+4
Boliden (Free)	180xr	−9
Cardo (Free)	240	+2
Cellulosa	121	−1
Electrolux B	237	+1
Ericsson	346	+10
Esselte	297	+2
Mo Och Domsjo	980	−3
Pharmacia	125	+1
Saab Scania Free	500	......
Sandvik	395	......
Skandia	606	−4
Skan Enski'da	67	+6
SKF	166	+3
St Kopparbergs	120	−6
Sven Handlesbn.	121	+6
Swedish Match	246	+3
Volvo B (Free)	940	+5

SWITZERLAND

Oct. 22	Price Frs.	+ or −
Alusuisse	741	−8
Bank Leu	5,675	......
Brown Boveri	1,520	−20
Ciba Geigy	2,470	−50
do. (Part Certs)	1,945	......
Credit Suisse	2,245	+10
Elektrowatt	9,530	+20
Fischer (Geo.)	650	......
Genevoise	3,450	−60
Hoff-RochePtCts	85,000	−250
Hoff-Roche 1/10	8,525	......
Jacobs Suchard	6,125	−25
Jelmoli	1,850	−10
Landis & Gyr	1,500	......
Nestle	6,990	+10
Oer-Buehrle	1,280	−5
Pirelli	967	+5
Sandoz (Br)	7,125	+25
Sandoz (PtCts)	1,100	+10
Schindler (PtCts)	605	+6
Swissair	1035	+10
Swiss Bank	348	......
Swiss Reinsce.	7,375	+96
Swiss Volksbk	1,490	+30
Union Bank	5,406	......
Winterthur	6,000	......
Zurich Ins.	175,75	+75

AUSTRALIA

Oct. 22	Price Aust $	+ or −
ANZ Group	4.95	......
Acrow Aust	9.2	......
Alliance Oil Dev.	0.95	−0.03
Ampol Pet.	1.7	−0.02
Aust Cons Ind.	1.9	−0.02
Aust. Guarantee	3.05	+0.05
Aust. Nat. Inds	2.65	+0.01
Aust. Paper	2.4	......
Bell Group	5.44	+0.04
Bond Corp Hldgs	1.5	......
Boral	3.34	+0.04
Bougainville	1.72	−0.03
Brambles Inds.	3.6	......
Bridge Oil	2.4	−0.1
B.H. Prop.	10.10	−0.26
CRA	4.8	−0.1
CSR	6.01	−0.01
Carlton Utd	4.30	......
Castlemaine Tys.	5.26	......
Coles (G.J.)	4.2	+0.05
Comalco "A"	2.2	......
Consolidated Pet	0.45	+0.05
Costain Aust	1.66	......
Dunlop Aust.	1.85	......
E.Z. Inds.	6.4	......
Elders IXL	4.68	+0.08
Energ Res.	1.6	......
Gen Prop Trust	9.38	+0.01
Hardie (James)	5.6	−0.02
Hartogen Energy	2.16	+0.03
Herald W'yTimes	4.05	......
ICI Aust.	2.12	−0.04
Jimberlana F.P.	0.26	−0.02
Kia Ora Gold	0.15	......
Lend Lease	6.4	......
MIM	2.56	−0.01
Mayne Nickless	5.76	−0.06
Meekatharra	0.86	−0.04
Myer Emporium	1.85	−0.01
Nat. Aust. Bank	5.54	......
News	8.8	......
Nicholas Kiwi	4.5	−0.15
North Bkn Hill	2.36	−0.02
Oakbridge	0.78	−0.02
Otter Expl.	0.41	−0.01
Pancont'l	1.16	−0.01
Pioneer Conc.	1.66	−0.01
Queensland Coal	1.16	−0.01
Reckitt & Coln.	2.85	......
Repco	1.19	−0.02
Santos	6.34	−0.1
Smith (Howard)	4.00	......
Southland Min'g.	0.25	......
Spargos Expl.	0.4	−0.02
Thos. Natwide	1.6	......
Tooth	6.5	......
Vamgas	5.6	......
Western Mining	2.98	−0.07
Westpac Bank	3.88	+0.02
Woodside Petrol.	1.16	−0.04
Woolworths	2.68	+0.01
Wormald Intl.	3.02	......

HONG KONG

Oct. 22	Price H.K.$	+ or −
Bank East Asia	20.9	+0.4
Cheung Kong	8.45	+0.15
China Light	16.3	+0.7
Hong Lung Devel	2.22	......
Hang Seng Bank	67.26	+1
HK Electric	6.2	+0.05
HK Kowloon Wh.	4.37	+0.1
HK Land	3.92	+0.05
HK Shanghai Bk.	6.2	+0.05
HK Telephone	45.8	+1.25
Hutchison Wpa.	16.4	+0.4
Jardine Math.	7.9	+0.25
New World Dev.	5.85	+0.05
Orient O'seas.	9.55	......
Oseas Trust Bk.	2.58	......
SHK Props.	7.35	+0.1
Swire Pac A.	19.4	+0.6
Wheel'k Mard A.	5.79	......
Wheel'k M'time.	1.46	......
World Int. Hldgs.	1.55	−0.05

JAPAN

Oct. 22	Price Yen	+ or −
Ajinomoto	1,080	......
Alps Electric	2,420	+40
Amada	1,310	+30
Asahi Chem	661	−9
Asahi Glass	850	+15
Bridgestone	561	......
Canon	1,670	+10
Casio Comp.	1,740	−40
Chugai Pharm.	1,170	......
Citizen	645	+26
Daiei	650	−6
Dai Nippon Ptg.	1,080	+20
Daiwa House	615	−1
Ebara	348	+29
Eisai	1,390	......
Fanuc	12,400	+650
Fuji Bank	1,020	+20
Fuji Film	1,710	+30
Fujisawa	1,180	−40
Fujitsu	1,550	+100
Green Cross	1,690	−90
Hasegawa	380	......
Heiwa Real Est.	664	+11
Hitachi	916	+23
Hitachi Credit	1,120	+10
Honda	1,380	+80
House Food	704	......
Hoya	3,760	......
Itoh (C)	285	+7
Ito Yokado	2,430	−10
Iwatsu	1,630	+30
JACCS	514	−8
JAL	4,580	+10
Jusco	769	+3
Kajima	286	−1
Kao Soap	897	+7
Kashiyama	620	+6
Kirin	634	+5
Kokuyo	911	+1
Komatsu	444	−9
Konishiroku	585	+5
Kubota	620	......
Kumagai	427	−4
Kyoto Ceramic	6,340	+260
Maeda Const.	438	−3
Makino Milling	1,410	+10
Makita	1,100	......
Marubeni	305	+8
Marudai	676	−4
Marui	1,070	+40
MEI	1,780	+80
M'ta Elec Works	635	+5
M'bishi Bank	1,010	+52
M'bishi Corp	520	+19
M'bishi Elec	420	+7
M'bishi Estate	500	20
MHI	235	......
Mitsui Co.	321	−1
Mitsui Estate	645	+10
Mitsukoshi	345	−7
NGK Insulators	815	+23
Nihon Cement	203	+5
Nippon Denso	1,580	−40
Nippon Elect	1,340	+40
Nippon Express	997	+2
Nippon Gakki	1,370	+50
Nippon Kokan	158	+3
Nippon Oil	210	+5
Nippon Seiko	673	+16
Nippon Shimpan	609	+4
Nippon Steel	153	+2
Nippon Suisan	525	+7
NIV	11,100	......
Nippon Yusen	223	+6
Nissan Motor	628	+20
Nisshin Flour	460	......
Nisshin Steel	173	+11
Nomura	721	......
Olympus	1,210	+30
Orient Leasing	3,590	−10
Pioneer	2,430	−40
Renown	622	+9
Ricoh	1,090	+80
Sankyo	990	−30
Sanyo Elect.	522	+8
Sapporo	366	+5
Sekisui Prefab	577	......
Seven-Eleven	9,970	......
Sharp	1,160	+50
Shimadzu	749	+14
Shionogi	730	+5
Shiseido	1,160	......
Sony	4,140	+230
Stanley	996	−5
S'tomo Bank	1,160	+30
S'tomo Elect	656	+21
S'tomo Marine	493	+17
S'tomo Metal	155	+6
Taihei Dengyo	512	......
Taisei Corp	169	+5
Taisho Pharm	965	−8
Takeda	850	+3
TDK	6,870	+250
Teijin	406	−5
Teikoku	693	−1
Tokyo Marine	688	+15
TBS	809	−4
Tokyo Elect Pwr	1,260	−20
Tokyo Gas	157	+2
Tokyo Sanyo	754	+29
Tokyo Style	776	+94
Tokyu Corp	267	......
Toppan Print	910	+90
Toray	490	+5
Toshiba Elect	451	+15
TOTO	580	+2
Toyo Seikan	792	+2
Toyota Motor	1,590	+80
Victor	2,020	+90
Wacoal	765	+8
Yamaha	660	+4
Yamanouchi	1,900	−70
Yamazaki	651	+11
Yasuda Fire	395	+6
Yokogawa Bdge.	411	+1

SINGAPORE

Oct. 22	Price $	+ or −
Boustead Hldgs.	9.03	......
Cold Storage	6.08	+0.02
DBS	6.55xe	+0.1
Fraser & Neave	6.95	+0.05
Genting	5.28	+0.15
Haw Par. Bros.	2.2	+0.04
Inchcape Bhd.	2.68	+0.08
Keppel Shipyard	2.79	......
Malay Banking	8.35	......
Malay Brews.	6.86	......
Multi Purpose	1.05	+0.08
OCBC	9.5	+0.1
OUB	3.14	......
Sime Darby	9.04	+0.02
Straits St'mship.	1.31	+0.01
Straits Trdg.	6.00	......
UOB	4.7	+0.04

SOUTH AFRICA

Oct. 22	Price Rand	+ or −
Abercom	1.3	−0.05
AE&CI	7.65	......
Anglo Am Coal	98.75	−0.25
Anglo Am Corp	25.1	−0.1
Anglo Am Gold	165	+0.6
Barclays Bank	16.5	......
Barlow Rand	10.25	+0.10
Buffels	79.25	+0.25
CNA Gallo	1.85	−0.05
Currie Finance	3.7	......
De Beers	8.7	......
Driefontein	50.75	+0.35
FS Geduld	64.5	+0.5
Gold Fields SA	29.25	......
Highveld Steel	4.65	−0.05
Kedbank	12.75	......
OK Bazaars	19.85	......
Protea Hldgs.	1.45	......
Rembrandt	25.5	......
Rennies	12.8	......
Rust Plat	16	......
Sage Hldgs	7.1	−0.1
SA Brews	6.1	......
Smith (CG)	18	......
Tongaat Hulett	7	......
Unisec	4.35	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market*

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Treas. 13pc 2000	£117	+ ⅝
Treas. 2pc 1990 IL	£92½	+ ½
AGI	340	+10
Albion	17½	+ 3
Australian Agr.	288	+33
Channel Tunnel	135	+14
Comb. Techn.	32	+ 7
Hill Samuel	291	+19
Johns. & F. Br.	12	+ 2
Mnemos	56	+10
NatWest	540	+15
Phoenix & Fin.	30	+ 5
Priest (Ben.)	8	+ 2
Rowntree Mack	366	+16
Selec TV	16	+ 4
Spectrum	135	+10
Suter	126	+ 6
TI	202	+ 4
Tay Homes	81	+ 6
Utd. Biscuits	180	+ 6
Websters	86	+10
Shell Transp	643	+13
Rand Mines Pr.	480	+30

FALLS

ICI	674	−12
Jaguar	207	− 5
Youghal Carpets	9	− 2
Burmah Oil	210	− 6

Continued on Page 42

CANADA

TORONTO
Closing prices October 22

[illegible]

MONTREAL
Closing prices October 22

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 33

[illegible]

Indices

NEW YORK—DOW JONES

	Oct 22	Oct 19	Oct 12	Oct 17	Oct 12	Oct 15	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1,217.28	1,225.93	1,225.38	1,195.89	1,187.77	1,202.98	1286.64 (6/1)	1086.57 (24/7)	1287.78 (19/11/83)	41.22 (2/7/32)
Transport	541.87	542.74	542.53	525.13	528.83	518.54	612.63 (9/1)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	143.47	144.80	145.52	142.59	140.95	141.57	145.52 (18/10)	122.25 (16/8)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	−	158m	148m	108m	93m	87m	−	−	−	−

	Oct 12	Oct 5	Sept 28	Year Ago (Approx)
Ind Div Yield %	4.35	4.88	4.78	4.41

N.Y.S.E. ALL COMMON

Oct 22	Oct 19	Oct 18	Oct 17	1984 High	1984 Low
94.53	95.06	95.01	94.84	97.71 (6/1)	85.12 (24/7)

RISES AND FALLS

	Oct 22	Oct 19	Oct 18
Issues traded		2,237	2,008
Rises		1,088	1,253
Falls		603	412
Unchanged		566	343

STANDARD AND POORS

	Oct 22	Oct 16	Oct 16	Oct 17	Oct 16	Oct 15	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	187.71	188.33	188.46	184.87	186.12	186.44	191.24 (17/9)	167.74 (24/7)	194.84 (10/10/83)	3.82 (30/6/32)
Composite	187.36	187.96	188.18	184.14	184.78	185.77	188.28 (8/1)	147.82 (24/7)	172.15 (10/10/83)	4.48 (1/6/32)

	Oct 17	Oct 10	Oct 3	Year Ago (Approx)
Ind div yield %	4.06	4.10	4.09	3.83
Ind. P/E Ratio	10.55	10.47	10.59	14.65
Long Gov Bond Yield	12.06	12.10	12.35	11.36

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Exxon	1,537,200	41⅛	− ⅛
Mobil	1,191,300	28⅞	+ ⅞
Pfizer	953,200	35⅞	−1⅛
Gen Motors	915,800	75¾	−1⅛
Sony	814,800	16½	− ⅛
Colgate	842,300	23½	− ⅛
IBM	617,800	125⅞	+ ⅛
Am Express	815,600	37⅛	+ ⅛
ATT	801,200	19⅛	− ⅛
S Cal Edi	737,800	23⅛	− ⅛

Advances 638 Declines 823

LONDON STOCK EXCHANGE

MARKET REPORT

Slow improvement awaiting development in miners' dispute and world oil situation

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19

* "New-time" dealings may take place from 8.30 am two business days earlier.

Despite a gradual extension of last Friday's rally, London stock markets have not fully recovered from the effects of their recent setback. Awaiting developments in the miners' strike dispute and world oil price situation, prices were stabilised by more encouraging news late last week about the U.S. economy.

Investment activity was limited by reports of stagnation in both currency and international crude oil markets, pending the outcome of this week's unofficial Opec meeting in Geneva. There was some modest demand from investors hopeful that the strike of pit deputies would be averted, but little selling materialised.

The underlying caution militated against any major advance in values, but many leading shares progressed slowly and by 3 pm the FT Industrial Ordinary share index was standing 5.9 higher. An easier trend on Wall Street in the early trade eventually brought blue chip issues away from the best levels and the index closed a net 2 points up at 855.5.

The latest CBI/FT survey on retail trends made little impression on the Store majors but a clutch of Food shares attracted considerable speculative support, based still on take-over hopes, before interest faded. Tate and Lyle were a leading contender, rising to 437p prior to falling back to close 2 cheaper on balance at 420p. Rowntree Mackintosh, on the other hand, retained a gain of 16 at 366p.

Gilt-edged securities were helped by the Chancellor's weekend statement that the Government would not try to reflate the economy by more borrowing. Light demand pushed longer-dated stocks up ½-point and most quotations held their gains. Index-linked stocks also managed improvements ranging to a similar amount but shorter maturities were more uncertain despite easier money market rates. Gilt-edged sentiment after-hours improved further following a report that Saudi Arabia would be prepared to cut production by 1.5m barrels per day in order to stabilise oil prices.

Hill Samuel up late

A quietly firm banking sector was enlivened late by sudden activity in Hill Samuel, which advanced 19 to 291p on rumours of an imminent bid from Bats worth 320p per share. Other merchant banks were better on balance with Charterhouse J. Rothschild 3 dearer at 81p and Kleinwort Benson 5 higher at 330p. Sporadic support brought fresh gains to the major clearing banks. NatWest, helped by press comment, rose 15 to 540p, while Barclays added 8 at 508p. Lloyds, 491p, and Midland, 351p, firmed 6 apiece.

Insurances passed a quiet session. Composites were inclined harder in places with take-over favourite Commercial Union, supported up to 185p before a close of 183p. Elsewhere, Hambro Life put on 5 to 440p and Prudential hardened a few pence to 470p.

Highland, the "Famous Grouse" whisky distillers, rose 4 to 112p, after 114p, in reply to preliminary profits, which matched best estimates, plus a proposed 100 per cent scrip issue.

Secondary issues provided the noteworthy movements in Buildings. USM-quoted Tay Homes figured prominently at 81p, up 6, following the good annual results and confident statement, while French Kier firmed 5 to 129p on news that its Iraqi contract problems had been settled. John Finlan added 3 to 85p in reply to press comment. William Leech, a dull counter last week on fading bid hopes, picked up 4 to 119p and Edward Jones gained 2 to 31p.

ICI, after opening 10 lower at 676p in the wake of U.S. selling late on Friday, rallied up to 680p before drifting off again to close 12 down at the day's lowest of 674p; the third-quarter figures are due on Thursday. Elsewhere in the Chemical sector, Plysu attracted support and firmed 6 to 218p, while Leigh Interests gained the same amount to 106p on revived bid hopes.

The latest CBI/FT survey of retail and distributive trades confirming the buoyant trend in consumer spending gave an initial fillip to leading Stores. Little follow-through business developed, however, and price gains were usually restricted to a couple of pence. Marks and Spencer held at 117p awaiting today's interim results. Secondary Stores were also firmer for choice. French Connection advanced 15 to 385p in a thin market following favourable comment, while Etam were unchanged at 116p; the interim figures will be announced on Thursday.

Mnemos feature

Mnemos were an outstanding feature in Electricals, rising 19 to 56p, after 63p, on news of the database deal with Sperry Corporation, whereby the U.S. concern is to acquire a 9.6 per cent stake in Mnemos at 54p a share. Combined Technology, which owns at 56 per cent stake in Mnemos, jumped 7 to 32p, after 36p. Suter re-ected press comment with a rise of 6 to 126p, while similar improvements were recorded in Acorn Computer, 92p, Microfilm Repro, 153p, and Northamber, 173p. Pressac put on 4 to 167p ahead of today's preliminary results and BSR hardened 2 to 160p after publicity given to a broker's circular. Apart from Racal, 6 down at 246p, the leaders made modest headway. News of the sale of a South African subsidiary left BICC 3 harder at 220p. Plessey improved 2 to 214p and Thorn EMI edged forward 3 to 425p.

Weekend Press comment highlighting bid possibilities induced demand for TI which touched 206p before closing 4 higher on balance at 202p. Other Engineering leaders, however, drifted lower. GKN softened a few pence to 165p as did Hawker, to 392p. Elsewhere, smaller-priced secondary issues met with selective support. Johnson Firth Brown revived with a speculative improvement of 2 to 12p, after 12½p, while Benjamin Priest, following publication of the annual report and accounts, firmed 2 to 8p. Meggitt hardened 2 to 53p on an investment recommendation.

Takeover speculation flared again in Foods and the sector's two prime candidates, Tate and Lyle and Rowntree Mackintosh, were both actively traded. Tate and Lyle moved ahead strongly to equal its 1984 peak of 437p amid rumours that Procter and Gamble could launch a bid before reacting sharply later to close a net 2 down at 420p. Rowntree Mackintosh advanced to a 1984 peak of 372p on hopes of a bid from either U.S. or Swiss sources, but profit-taking subsequently pared the gain to one of 16 at 366p. Elsewhere, a put-through of 2m shares at around the 143p level stimulated Cadbury Schweppes which touched 149p prior to closing a couple of pence dearer on balance at 146p. United Biscuits also attracted support and rose 6 to 160p. Among Retailers, Tesco firmed 4 to 195p, while William Low were a shade firmer at 480p ahead of Thursday's annual results. Bio-Isolates rose 7 to 48p.

Bath & Portland rise

Miscellaneous Industrial leaders were quietly firm, but the best levels were not always held. Reckitt and Colman ended 8 higher at 545p in response to Press comment, while Rank Organisation rose 4 to 256p on speculation that the group is about to sell its Australian electrical appliances division. Reed International put on 6 to 462p and Boots hardened 3 to 185p. Glaxo, traded heavily in the U.S. of late, ended unaltered at 960p, after 970p. Secondary issues often performed well. Still on rumours of a bid from C. H. Beazer, Bath and Portland gained 4 to 236p, after 242p. Hopes that this week's talks between British and French Government officials will at last lead to a "chunnel" deal left Channel Tunnel up 14 at 135p. AGI advanced 10 to 340p following revived speculative demand in a thin market, while buying of a similar nature left Booker McConnell 6 to the good at 183p. Avon Rubber gained 5 to 182p. Far-eastern influences prompted gains of 7 and 6 respectively in Swire Pacific A, 208p, and China Light, 165p.

The acquisition from BET of the Rediffusion cable television business by Mr Robert Maxwell's private publishing company Pergamon Press directed attention towards SelecTV, the cable TV concern of which Mr Robert Maxwell is chairman, and the close was a net 4 up at 16p, after 17p. Spectrum gained 10 to 135p in reply to better-than-expected annual results, while Nationwide firmed 2 to 21p following newsletter comment. Pineapple Dance Studios found support at 91p, up 4.

Escalating industrial relations problems unsettled Motors. Jaguar, buoyant of late reflecting the company's dollar earning potential, encountered small offerings and dipped 5 to 207p awaiting news from yesterday's meeting of shop-stewards. BL, on the other hand, hardened a penny to 42p despite an official strike call at its Austin Rover division. ERF, which passed the dividend on the 10 per cent preference shares recently, eased a penny more to 36p. Components closed a shade firmer for choice. Lucas rose 3 to 238p following publicity given to a circular from brokers Capel-Cure Myers. Automotive Products hardened a couple of pence to 52p, while a country broker's recommendation lifted Armstrong Equipment 1½ to 29½p. British Car Auction firmed 3 to 99p after favourable comment; the preliminary results are scheduled for today week.

Otherwise dull Publishers provided a late feature in recently-depressed Websters, which advanced 10 to 86p; the interim results are scheduled for Friday. Elsewhere, East Lancashire Paper hardened the turn to 70p following formal rejection of the offer from British Syphon, while profit-taking clipped 17 from Carlton Communications, at 495p. Selected advertising and P.R. counters made progress with Geers Gross 9 better at a new 1984 peak of 140p and Good Relations 11 better at 243p.

Leading Properties displayed modest gains. Land Securities, interim results due mid-November, hardened a couple of pence to 300p, while MEPC gained the turn to 315p. Elsewhere, Fairview Estates moved up 5 to 153p, while estate agents Connells, 7 higher at 92p, were stimulated by a Press mention. Phoenix Property and Finance jumped 5 to 30p on news that Berfors Finance had acquired a 7.68 per cent stake in the company.

A generally uninspiring session in Textiles was enlivened by Albion, the Belfast-based menswear manufacturers, which advanced 3 to 17½p amid sizeable "call" option activity. In contrast, Youghal Carpets remained depressed by the discouraging mid-term statement and gave up 2 for a two-day decline of 3½ to 9p. John C. Small and Tidmas were marked 6 higher to 76p in the after-hours' trade following the agreed cash offer from Swiss Net.

Shell up again

Oils were much quieter following the hectic activity of the previous week. Leading issues edged higher, sustained by a firm performance by international crude oil markets. Shell followed Friday's 20 rally with a further 13 gain at 643p, while BP and LASMO hardened a couple of pence apiece at 465p and 307p respectively.

Burmah, on the other hand, turned easier in the continued absence of any takeover developments and drifted back to close 6 lower at 210p.

Secondary issues provided a firm feature in Petranol which rose 8 to 508p following shareholders' approval, at the EGM, of the acquisition of further acreage in Texas, and the proposed scrip issue.

Irish exploration issues were firmer where changed, with Bryson 5 up at 200p and Eglinton 2 harder at 55p.

Invent Energy dipped 5 to 395p following a drilling report.

Overseas Traders highlighted Australian Agricultural which spurted 33 to 288p in a narrow market.

Golds firmer

Another uninspiring showing by the bullion price failed to arouse much enthusiasm for South African Golds and related issues, although the majority made minor progress reflecting modest South African demand in a market short of stock.

The Gold Mines index rose 5.1 to 549.5, a two-day improvement of 11.9, but the bullion price continued to move in a narrow range and closed a net 75 cents up at $339.25 an ounce.

London-domiciled Financials virtually ignored the latest upturn in domestic equities and ended the day either unchanged or with minor losses on balance. Charter held at 223p awaiting developments regarding the recent move by BP to gain further information on Johnson position. South African Financials showed "Amgold" ½ to the good at £78½, while Rand Mines Properties advanced 30 to 480p, the latter following the sharply increased profits and dividend and news that RMP has decided to go-ahead with its plan to extract gold from mine residues in the City Deep area.

Australians lacked a decided trend. In line with overnight markets in Sydney and Melbourne, the leaders gave ground with CRA closing 6 cheaper at 334p, Western Mining 5 off at 207p and MIM Holdings 2 easier at 179p. Renison, however, were a shade firmer at 192p on news that the company may be forced to close the copper produced Mount Lyell mine in Tasmania by the end of next year.

Golds were largely neglected but Whim Creek managed a 4 gain at 174p reflecting renewed speculative support.

Elsewhere, MTD Mangula returned from suspension at 13p following the Zimbabwe Mining Development Corporation's purchase of Messina's 54 per cent stake in MTD for Z$5.5m.

A relatively subdued session in the underlying securities led to reduced demand for Traded Options. Total contracts struck amounted to 3,368 — well short of the record volume established last week. Trafalgar House attracted 349 calls, the soon-to-expire October series accounting for 310. ICI puts were in demand with 603 trades done, 500 in the April 700's.

FINANCIAL TIMES STOCK INDICES

	Oct. 22	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 13	Year ago
Government Secs.	79.97	72.22	79.41	79.80	80.22	80.98	81.45
Fixed Interest	84.09	84.66	83.79	84.14	84.28	84.66	84.90
Industrial Ord	855.5	853.5	834.5	838.7	866.6	881.5	685.0
Gold Mines	546.5	544.4	537.5	557.5	549.9	554.5	520.8
Ord. Div. Yield	4.86	4.96	5.08	5.55	4.90	4.81	4.94
Earnings, Yld.% (full)	11.83	11.85	12.12	12.05	11.09	11.48	12.81
P/E Ratio (net) (*)	16.14	16.13	16.90	9.94	15.28	10.44	12.75
Total bargains (Est.)	17,808	20,141	20,090	22,002	20,580	21,001	17,402
Equity turnover £m.	—	426.51	386.46	505.55	337.85	263.24	121.40
Equity bargains	—	17,270	18,962	16,494	20,140	20,277	13,883
Shares traded (ml)	—	217.1	188.9	170.6	190.5	140.6	84.7

10 am 855.3. 11 am 855.7. Noon 857.8. 1 pm 858.2. 2 pm 858.0. 3 pm 858.4.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 2.74.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	86.77 (9/1)	76.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (5/5)	755.3 (23/7)	922.8 (5/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 16	Oct. 18
Daily Gilt Edged Bargains	141.6	148.0
Equities Bargains	108.5	128.9
Equities Value	868.1	740.7
5-day Average Gilt Edged Bargains	158.4	107.6
Equities Bargains	182.0	127.0
Equities Value	695.1	684.8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18
Nov 19	Nov 30	Feb 21	Mar 4

For rate indications see end of Share Information Service

Money was given for the call of Bristol Oil and Minerals, Combined Technologies, Bio-Isolates, Albion, BSG International, Barrow Hepburn, Mnemos, Gestetner A, Rowntree Mackintosh, Astra Industrial, Brunswick Oil, Churchill, Epicure, Yorkshire Chemicals, Waring and Gillow, Aran Energy, Atlantic Resources, Charterhall, Eglinton Oil and Gas, Henry Ansbacher and K. O. Boardman International. No puts were reported, but a double was transacted in Lucas Industries.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	7	16
Corpns. Dom. and Foreign Bonds	22	4	53
Industrials	331	190	894
Financial and Props.	212	42	273
Oils	24	19	84
Plantations	2	1	11
Mines	48	42	90
Others	69	60	70
Totals	792	365	1,491

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (103)

AMERICANS (21)
BANKS (2)
BREWERS (1)
CHEMICALS (4)
ELECTRICALS (6)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (16)
INSURANCE (5)
MOTORS (1)
PAPER (3)
PROPERTY (3)
TEXTILES (2)
TRUSTS (32)
MINES (1)

NEW LOWS (13)

BUILDINGS (1)
Dew (George)
ELECTRICALS (1)
Resource Technology
ENGINEERING (1)
Allen (W G) (Tipton)
INDUSTRIALS (1)
Talbex
MOTORS (1)
Harrison (T. C.)
TEXTILES (1)
Lyles (S.)
TRUSTS (2)
Cambium Vent. Cap. Centreway Trust
OILS (1)
Internatl. Pet.
OVERSEAS TRADERS (1)
Nesco Inv.
MINES (3)
St. Helena Southern Ventures
Soltrust

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for deali[…] based on prospectus estimates. d Dividend […] capital: cover based on dividend on full ca[…] yield. u Forecast dividend cover based on prev[…] F Dividend and yield based on prospectus or […] H Dividend and yield based on prospectus or o[…] Q Gross. p Pence unless otherwise indicated. […] holders of ordinary shares as a "rights." […] §§ Reintroduced. ¶¶ Issued in connection with […] over. ■ Allotment letters (or fully-paid). ‖ In[…] Market. § Placing price. † Figures assumed. […] share and one option. †† Official London List[…] For Extract Wool see Scanro.

ACTIVE STOCKS

FRIDAY'S ACTIVE STOCKS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$325	—	—	4	27	—	—	$338.25
GOLD C	$350	73	3.40	—	—	1	20.50 A	"
GOLD C	$375	76	0.80	7	7	1	12.50	"
GOLD C	$400	—	—	20	2.60	—	—	"
GOLD P	$325	38	2.30 A	3	4.20	—	—	"
GOLD P	$350	5	12	6	14	6	15	"
GOLD P	$375	2	35	—	—	—	—	"

Series		Dec. Vol.	Dec. Last	Mar. Vol.	Mar. Last	June Vol.	June Last	Stock
SILVER C	$7	6	0.66	8	0.75	6	1	$7.26
SILVER C	$8	—	—	1	0.36	21	0.00	"
SILVER C	$9	—	—	10	0.20	—	—	"
SILVER P	$6	4	0.05	—	—	—	—	"
$/FL C	$340	2	19 A	—	—	—	—	$347
$/FL C	$345	—	—	6	10.30 A	—	—	"
$/FL C	$350	17	6.80	—	—	—	—	"
$/FL C	$355	20	5	—	—	1	10	"
$/FL P	$300	—	—	2	2.60	—	—	"
$/FL P	$320	11	2	1	5.60	—	—	"
$/FL P	$325	17	5	—	—	—	—	"
$/FL P	$350	8	5.80	—	—	—	—	"

LONDON TRADED OPTIONS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105¾	101¼	Treas. 15pc 1985	101¾	.....	14.81	16.61
102¼	100	Exch. 12pc Cnv. '85	100	−¼	11.96	11.05
96	93⅛	Treas 3pc 1985	95⅞	+⅛	3.13	10.66
102¾	99½	Treas 11½pc 1985	101¼	.....	11.47	10.02
99¼	96⅛	Treas 8¾pc Cnv '85	98⅛	−⅛	0.91	10.95
104⅛	99⅞	Exch. 12¼pc 1985	102¼	.....	12.10	11.05
103⅛	99⅛	Exch. 11¾pc '86	100⅝	+⅛	11.68	11.14
102⅛	96⅛	Treas. 10pc Cnv 1986	98⅝	+⅛	10.17	11.23
91⅛	88⅛	Treas 3pc 1986	91¼	.....	3.28	9.04
102	96⅞	Exch. 10½pc Cv '86	99¼	+⅛	10.59	11.18
104⅛	99⅛	Treas 12pc 1986	100⅞	+⅛	11.90	11.35
95¾	93½	Treas 8½pc 1984-86‡‡	95¾	.....	8.87	11.17
108⅛	102⅛	Exch. 14pc 1986	104½	+⅛	13.40	11.45
87¼	85	Exch. 2½pc 1986	86⅞	.....	2.88	9.63
107⅛	100⅛	Exch. 13¾pc 1987	103⅛	+⅛	12.86	11.59
100¾	94½	Treas 10¼pc Cv '81	97¼	+⅛	10.54	11.59
86¼	83¼	Exch 2½pc 1987	85¼	+⅛	2.03	0.68
101⅛	94½	Exch. 10½pc 1987	97⅞	+⅛	10.72	11.48
92⅛	87	Funding 6½pc '85-87‡‡	89⅞	.....	7.23	11.24
99⅞	92⅞	Treas. 10pc 1987	96⅛	+⅛	10.38	11.64
85	81⅛	Treas 3pc 1987	83⅛	−⅛	3.61	10.24
105	97⅛	Treas. 12pc 1987	101⅛	+⅛	11.88	11.61
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	90½	+⅛	8.26	11.28
100¾	92⅛	Exch 10½pc '88	96⅞	+⅛	10.85	11.65
98⅛	89⅛	Treas 9¼pc Cv '88	94	+⅛	10.37	11.80
82	77	Transport 3pc '78-88	77⅛	+⅛	3.86	10.43
96⅛	88⅛	Treas. 9½pc '88	92¾	.....	10.24	11.83
106¾	94⅛	Treas 11½pc 1989	96⅞	+⅛	11.62	11.78
95⅛	87⅛	Treas 9½pc Cnv. '89	92¾	.....	10.24	11.62
96⅛	90⅛	Treas 10½pc 1989	94⅞	.....	11.07	11.95
100⅛	88¾	Exch 10pc 1989	93¾	.....	10.12	11.87
98¼	94¼	Exch 11pc 1989	96¾	+⅛	11.37	11.86
85¼	77½	Treas 5pc 1986-89	79¼	.....	6.31	10.47

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
112¼	100¼	Treas 13pc 1990‡‡	106½	+⅛	12.39	11.67
110⅞	100¼	Exch. 12½pc 1990	105⅞	+¼	12.16	11.78
93¼	84⅞	Treas 8¼pc 1987-90‡‡	90⅞	+¼	9.38	11.18
96⅛	90⅝	Treas. 10pc Cv 1990	92⅝	+⅛	10.79	11.73
107	94¼	Treas 11¾pc 1991	105	+¼	11.79	11.01
84¼	75⅝	Funding 5¾pc '87-91‡‡	79¼	+⅛	7.29	10.32
105¾	93⅞	Exch. 11pc 1991	96⅞	+¼	11.35	11.65
112⅝	98⅞	Treas 12¾pc 1992‡‡	108¼	+⅛	12.16	11.71
100⅝	86	Treas 10pc 1992	93⅞	+⅛	10.85	11.60
96⅞	94⅛	Treas 10½pc Cv 1992	95⅞	+¼	11.09	11.56
111⅛	95¼	Exch. 12¼pc '92	104⅛	+¼	11.95	11.74
117⅝	106¼	Exch 13½pc 1992	109⅝	+¼	12.44	11.81
113⅝	98⅛	Treas 12½pc 1993‡‡	108	+¼	11.96	11.64
78¼	72¼	Funding 6pc 1993‡‡	75¼	+¼	8.05	10.47
121¼	106¾	Treas 13¾pc 1993‡‡	110¼	+¼	12.34	11.69
126¼	108¼	Treas 14½pc 1994‡‡	118⅝	+¼	12.44	11.55
120⅝	100	Exch 13½pc 1994	110	+¼	12.26	11.71
114¼	95¼	Exch. 12½pc 1994	107	+¼	11.93	11.64
94⅞	82⅞	Treas 9pc 1994‡‡	86¾	+¼	10.39	12.19
109¾	94⅞	Treas 12pc 1995	105	+⅛	11.76	11.63
64¼	58¼	Gas 3pc '90-95	62¼	+¼	4.81	8.49
99¼	86	Exch. 10¼pc 1995	95	+¼	11.10	11.49
117⅞	102⅝	Treas 12¾pc 1995‡‡	106¾	+¼	11.84	11.51
122⅞	106⅞	Treas. 14pc '96	117⅞	+⅛	12.25	11.66
94⅞	83⅛	Treas 9pc 1992-96‡‡	87¼	+⅛	10.43	11.15
134⅞	118¼	Treas 15¼pc 1996‡‡	122¼	+⅛	12.49	11.64
122¼	103½	Exch 13¼pc 1996‡‡	113⅝	+⅛	11.89	11.45
69⅛	63¼	Redemption 3pc 1986-96	67	.....	4.49	7.19
120	104⅛	Treas 13¼pc 1997‡‡	115¾	+⅛	11.84	11.40
104⅞	87⅞	Exch 10½pc 1997	97	+⅛	11.03	11.21
92⅞	77⅞	Treas 8¾pc 1997‡‡	85½	+¼	10.43	11.13
134⅝	118¼	Exch. 15pc 1997	122	+¼	12.28	11.65
95½	84⅞	Exch. 9¾pc 1998	92¾	.....	10.01	11.17
78	68	Treas 6¾pc 1995-98‡‡	71½	+¼	9.44	10.81
138⅝	123¾	Treas. 15½pc '98‡‡	128¼	+¼	12.18	11.52
115	100⅛	Exch. 12pc 1998	104½	+¼	11.42	11.29
96	83⅞	Treas 9½pc 1999‡‡	92	+¼	10.63	10.98
116⅞	104	Exch. 12¼pc 1999	103¾	+½	11.41	11.21
104⅛	91	Treas. 10½pc 1999	95¼	+¼	10.93	11.07

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102⅞	89¼	Conver'n 10¼pc 1999	93½	+¼	[illegible]	11.05
127⅞	106⅞	Treas. 13pc 2000	117	+½	[illegible]	11.16
128⅞	112⅞	Treas. 14pc '98-01	116½	+½	[illegible]	11.43
113¾	95⅞	Exch. 12pc '99-02	108⅝	+½	[illegible]	11.19
98⅞	90	Conv. 10pc 2002	95	+¼	[illegible]	10.68
126¾	110¼	Treas. 13¾pc 2000-03	122¼	+¼	[illegible]	11.11
114⅞	101½	Treas. 11½pc 2001-04	106	+⅛	[illegible]	10.85
50	93¼	Funding 3½pc '99-04	47¾	+¼	[illegible]	9.53
123⅝	107⅜	Treas. 12½pc 2003-05	112¾	+¼	[illegible]	10.79
87¼	76⅞	Treas. 8pc 2002-06‡‡	80⅝	+¼	[illegible]	10.27
115⅝	100	Treas. 11¾pc 2003-07	110¼	+⅛	[illegible]	10.76

Undated

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MINES

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Finance

Diamond and Platinum

MINES—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
		Central African					
290	145	Falcon 240c	160		0100c	♦	36.4
17	8	Wankie Col. 25	9		—	—	—
21	14	Zam Cpr SBD0.24	15	–½	—	—	—
		Australians					
45	23	WACM 50c	39	+1	—	—	—

Tins

Miscellaneous

NOTES

Figures assumed. Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	82xd	–2	Arnott	195	
Craig & Rose £1	£11		CPI Hldgs.	57	
Finlay Pkg. 5p	42		Carroll Inds	115	
Higsons Brew.	83		Dublin Gas	65	
Holt (Jos) 25p	890		Hall (R. & H.)	47	+4
IoM Stm. £1	185		Heiton Hldgs.	15	
IRISH			Irish Ropes	35	
Exch 12% 1985	£98⅞xd	+¼	Jacob (W.& R.)	61	+1
Nat 9¾% 04/89	£84		TMG	65	
Fin 13% 97/02	£89⅝		Unidare	78	

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hawker Sidd.	38	Vickers	14
BOC Grp	27	Hse of Fraser	26	Woolworth Hldg	50
BSR	26	ICI	42		
Babcock	17	"Imps"	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	11
Beecham	32	Ladbroke	23	Cap Counties	16
Blue Circle	40	Legal & Gen	45	Land Secs	25
Boots	16	Lex Service	40	MEPC	25
Bowaters	25	Lloyds Bank	50	Peachey	17
Brit Aerospace	20	"Lofs"	3	Samuel Props	12
BAT	15	Lucas Inds	18	Sterling Guar	4
Brown (J.)	3	"Mams"	14		
Burton Ord	22	Marks & Spcr	20	**Oils**	
Cadburys	11	Midland Bk	36	Brit Oil & Min	9
Comm Union	16	NEI	10	Brit Petroleum	35
Courtaulds	11	Nat West Bk	60	Burmah Oil	17
Debenhams	14	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect	18	Shell	55
FNFC	6¼	RHM	8	Tricentrol	20
Gen Accident	42	Rank Org Ord	24	Ultramar	60
Gen Electric	16	Reed Intnl	40		
Glaxo	70	Sears	8	**Mines**	
Grand Met	30	TI	22	Charter Cons	24
GUS "A"	55	Tesco	16	Cons Gold	58
Guardian	50	Thorn EMI	55	Lonrho	12
GKN	20	Trust Houses	18	Rio T Zinc	60
Hanson Tst	17	Turner Newall	10		
		Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

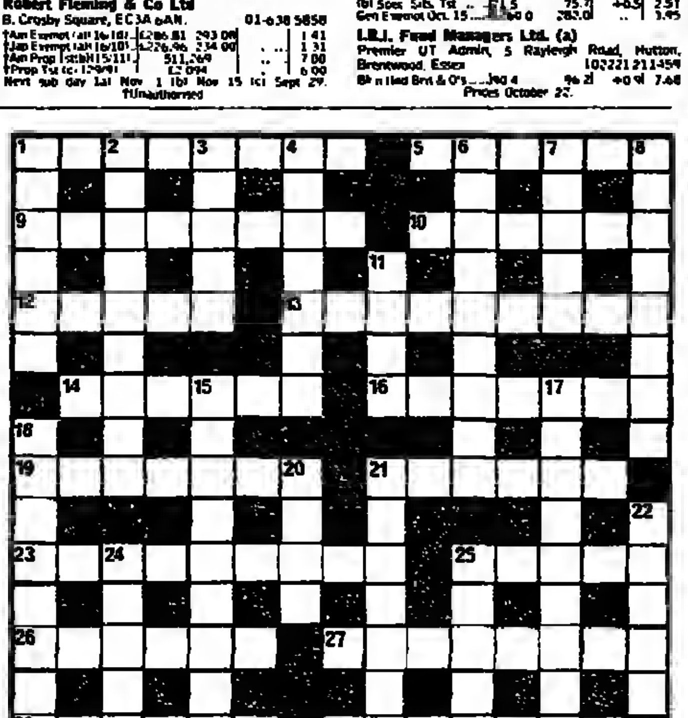
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,550



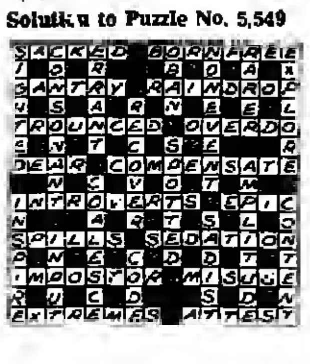
ACROSS

1 Mince-pie man (8)
5 Trader upset by delay (6)
9 Gets others to do the fighting (8)
10 Fast horses (6)
12 Share-out everyone has to go back for (5)
13 Not an easy paper on the subject of Dickens? (4, 5)
14 Sum tot gets wrong to the nth degree (6)
16 Bookstand in service (7)
19 They may indicate corporal punishment (7)
21 A sweet's round and in layers (6)
23 11 down might be set for mathematicians (9)
25 Six points for climbers (5)
26 I take road transport to America, he tried flying (6)
27 Misinformed, I led a lot astray (4, 1, 3)
28 Well-filled vessel (6)
29 It's criminal to take a couple of fools in (8)

DOWN

1 Funny thing, it's way above what is the best (6)
2 Passenger-carrying flight (9)
3 A popular place to get spirits? (5)
4 Idle chatter has teeth on edge (7)
6 Property conveyance? (6, 3)
7 Pointlessly white, blank book (5)
8 Vinegar and oil is bound to help the wound (8)
11 Examination of the mouth? (4)
15 After work, quiet or music is timely (9)
17 Involves ten different points of view (9)
18 His praises are sung in the services (8)
20 In paradise this was the third son's name (4)
21 Problem with World War I battle citation (7)
22 Article getting serious towards the end (6)
24 Something growing in the wood (5)
25 It's still produced in Russia (5)

Solution to Puzzle No. 5,549



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St, St Helier, Jersey. 0534 36281

MdBkOffG	101.1	101.5xd	+8.6	11.82
MdBkIntBd	61.06	1.87xd	....	7.71

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box194, St. Helier, Jersey. 0534 27441

MoresOc11	511.24	11.50xd	—8.30	3.45

Samuel Montagu Ldn. Agents
114, Old Broad St, EC2 01-628 3434

MntAmEql(z)	98.2	103.2xd	—0.1	6.14
MntJonIn(z)	68.8	72.5	+0.8	4.29
MntGiltIn(z)	48.2	88.0xd	+8.4	10.57
MtStRsO2	£14.92	14.93	....	—
MntInCOc1T	59.28	9.73	....	—
ApIlgO16	SF108.0	117.22	....	.119
JapOc15	HK42.95	46.49	....	0.18
117GpS28	617.65	16.89	....	1.36
MFBNFO16	18.50	10.52	....	—
USFIFSe28	$10.77	11.33	....	—

Murray, Johnstone (Inv. Adviser)
163, Hope St, Glasgow, C. 041-221 5521

HpeStOc23	866.84	71.88	+1.57	—
MryFdOc18	$19.18	20.41	....	—
PacFdOc17	$3.93	4.18	....	¾

N.E.L. International Ltd
PO Box 119, St Peter Port, Guernsey, CI.

SterlingDep	76.1	80.1	....	—
SterlingFdd	85.8	90.3	....	—
SterlingMan	92.8	100.0	....	—
Intl Fxd Int	101.8	109.8	....	—
IntlManaged	102.8	111.7	....	—

Nat. Westminster Jersey Fd. Mgrs. Ltd
23/25 Broad St St Helier, Jersey. 0534 70041

HghIFd(a)(b)	52.8	55.0xd	+1.0	10.01
EqtyFd(a)(b)	95.0	101.8	+1.0	1.91
IntBdFd(a)*	77.7	80.0	....	8.92

*Sub day every Thurs.

County Bank Currency Fund (z)

Dollar Class	$22.8356	+0.0008	—
Sterling Class	£11.3016	+0.0020	—
D-MarkClass	DM53.2201	+0.0008	—
DtchGldrClas	DFl53.2195	+0.0050	—

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460

Com Trust	62.48	65.31	....

Surinvest (Jersey) Ltd.
4, Hill St, Douglas, Isle of Man 0624 29441

Copper Tst	£15.45	14.19	—0.08

TSB Trust Funds (C.I.)
28 Hill St., St. Helier, Jersey (CI). 0534 73494

TSBGltFdLtd	98.8	101.1xd	....
TSBGFdJeyLd	98.0	101.0xd	....
TSB Jrsy Fd	90.1	94.9	....
TSB Grnsy Fd	90.1	94.9	....
TSBCurcyFd	101.1	108.2xd	....

Prices on Oct. 17. Next sub. day Oct. 24.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd. King William St, London, EC4. 01-623 7404
NAV $457. IDS value US$11,855.19.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534-72936

Tennent (Cayman) Managers Ltd

Mod Crv Fd	104.2	109.8	+8.2	4.1

NATICO
PO Box 2180, Grand Cayman. 0101 (809) 9497436

WstmnstrCm	$9.03	—	....

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $139.22

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $101.50

Tyndall Bank (Isle of Man) Ltd.
30, Athol St., Douglas, Isle of Man 0624 29291

Stg Mny Fd	—	—	....	10.12
US$ Mny Acc	—	—	....	9.50

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331

7DFSL	191.4	205.5xd	....
American	206.8	222.6xd	....
Far Eastern	237.8	275.8xd	....
Europcay	111.6	119.4xd	....
Prtflo S-Mgd	103.2	110.8	....
Prtflo S-Amer	99.6	101.6	....

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

WldwdG Fd	$11.65	—	+0.07

Inv. Adv. M.&G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St George's St. Douglas IoM. 0624 25015

Wren Com.F	12.8	13.5	....
Chinese Fnd	59.8	62.4	....
PrecMetlFD	122.6	127.7	....
VangCmdyFd	25.9	26.6	—0.1
FinFuturesFd	32.1	33.4	....

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg

DynmcGFd	39.73	—	....

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq. W1X 8DA. 01-499 6634				
M'hall Mny Fd	9.25	9.59	Qtr	Call
The Money Market Trust 83 Qn Victoria St. EC4N 4ST. 01-236 0952				
Call Fnd	9.61	9.90	6mth	Call
7 day Fnd	10.31	10.64	6-mth	7day
Oppenheimer Money Management Ltd 66 Canon St. EC4N 6AE. 01-236 1425				
Call Fund	10.05	10.30	6-mth	Call
7-day Fund	10.33	10.49	6-mth	7-day
MnyMgAc	10.00	10.36	3-mth	Call
Dollar	9.19	9.40	6-mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtr	Call
MnthlyIncChAc	10.25	10.74	Mth	Call
Bank of Scotland 38 Threadneedle St. EC2P 2EN. 01-628 8060				
Cheque Acc	10.10	10.58	Mth	Call
Barclays Prime Account PO Box 125, Northampton. 0604 252891				
High Int Chq	10.25	10.65	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circ. EC2M 5QL. 01-588 2777				
Cater Allen	10.00	10.471	Mth	Call
1 Paternoster Row, EC4M 7DH. 01-745 3599				
Sterling	10.00	10.47	Mth	Call
U.S. Dollar	10.00	10.5?	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire, WA14 2DW. 061-928 9011				
Cheque Acc	10.56	11.09	Mth	Call
Co-operative Bank 78-80 Cornhill EC3. 01-626 6545 Ext 454				
Cheque&Save	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0805 862271				
MnyMktAcc	10.25	10.66	Qtr	Call
Lombard North Central PLC 17 Bruton St. W1A 3DH. 01-409 3434				
Notice Dep	10.625	10.91	Rate	14-day
M & G Kleinwort Benson 91-99 New London Rd. Chelmsford. 0245 51851				
HighIntChqAcc	10.30	10.85	Daily	Call
High Int Chq	10.30	10.85	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.38	Qtr	Call
Save & Prosper/Robert Fleming 28 Western Rd. Romford RM1 3LB. 0708 66966				
HghInStdAc	9.03	10.09	Daily	Call
Premier Acc	9.53	10.00	Daily	Call
Tyndall & Co. 29-33 Princess Victoria Street, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.05	10.44	Qtr	Call
Money Acc	10.125	10.51	Qtr	Chq
J. Henry Schroder Wagg & Co. Ltd. Enterprise House, Portsmouth. 0705 827733				
Special Acc	10.15	10.65	Mth	Call
Over £10,000	10.40	10.92	Mth	Call

NOTES—Interest rates given both as nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. :: Only available to charitable bodies. Φ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Zinc prices in London resume rising trend

BY OUR COMMODITIES STAFF

LONDON METAL EXCHANGE zinc prices resumed their recent uptrend yesterday encouraged by chart-based speculative buying. The cash position reversed Friday's £6.25 fall to end the day £11.25 higher at £641.50 a tonne and has now risen £24.50 in a week.

Dealers said zinc prices firmed on speculative buying and covering against short positions taken out earlier. They attributed the surge of speculative interest to Friday's breaching by the *three-months* delivery quotation of an established resistance point at £625 a tonne.

Further encouragement was given by news that zinc stocks in LME warehouses fell 225 tonnes last week to 36,750 tonnes.

The aluminium market was also strong in the morning but prices were trimmed back later as sterling firmed against the dollar.

Follow-through speculative buying after last week's £57 advance was only slightly restrained by last week's 1,225-tonne rise in LME warehouse stocks and the cash position moved £10 higher at one stage. however, the price had slipped back to £862.50 a tonne, up £3 only on the day.

The market appeared to have shrugged off figures from the International Primary Aluminium Institute showing that daily production in non-communist countries in September was unchanged from the August level in spite of production cuts in North America.

Copper prices retreated early on, following announcement of a 1,350-tonne LME stocks increase last week but steadied in the afternoon on reports of Chinese buying Interest. The cash position ended 75p down at £1,051.25 a tonne.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes in week ending Oct. 19)

Aluminium	+1,225	to 140,000
Copper	+1,350	to 163,475
Lead	−1,925	to 43,025
Nickel	−978	to 11,844
Tin	−205	to 24,830
Zinc	−225	to 36,750
		(tonnes)
Silver	−254,000	to 54.47m
		(troy ounces)

Platinum production increases

BY JOHN WICKS IN ZURICH

PLATINUM PRODUCTION, which dropped sharply last year, is rising again, according to a report issued by Credit Suisse. After falling from 93.3 tonnes in 1981 to only 70.2 tonnes last year, mined output is seen as rising to about 75.2 tonnes this year and 76 tonnes next year.

This is expected to be accompanied by a rise in industrial demand, which had declined by about a quarter from 1980 to a level of 66 tonnes last year due largely to the effect on jewellery-use of the recession and a Japanese swing towards gold.

The Zurich bank now reckons with industrial needs of 69.5 tonnes this year and 74 tonnes next year, attributing the rise to success of a marketing campaign for platinum jewellery in Western Europe and the U.S. and to growth in car-industry demand.

This means the surplus of supply over industrial demand is likely to reach about 5.6 tonnes this year but to drop back to only 2 tonnes next year

At the same time Credit Suisse puts this year's mined production of palladium at about 83.7 tonnes, meaning a return to and above the 1981 level. For next year the report estimates output at 85 tonnes.

Industrial demand is seen as rising faster still, to 94.5 tonnes this year and 96 tonnes next year. This would mean the surplus of industrial demand over mined production would rise from 7.7 tonnes last year to about 10.8 tonnes this and 11 tonnes next year.

The report says that last year South Africa was the source of 62 per cent of mined platinum and 22 per cent of palladium output, while the Soviet Union had corresponding shares of 34 *per cent and 75 per cent*.

An analysis of last year's demand shows that 36 per cent of all platinum went to the car industry and 28 per cent into jewellery. Main users of palladium were the electronics industry, with 40 per cent, and the dental profession, with 25 per cent.

Quotas cut dairy breeding

FURTHER EVIDENCE of the impact of EEC milk-production quotas in the UK emerged yesterday on publication of figures showing a 40 per cent drop in inseminations of dairy cows in the first half of this marketing year.

The Milk Marketing Board said total dairy inseminations between April and September were 245,647, nearly 160,000 fewer than in the corresponding period of last year. Inseminations from beef breeds, meanwhile, increased by 43,000 to 311,849.

● HONG KONG'S Commodities Trading Commission is to review compensation provisions of the Commodities Trading Ordinance and a report is expected next *month*, following the collapse of Hong Kong Commodities Exchange member National Commodities Traders, liquidated after the commission, in July 1982, accused it of misconduct.

● **TRADE DEMAND** for light-fault, average to fine merino fleece is expected to remain strong at this week's wool auctions in Melbourne, Goulburn end Fremantle, the Australian Council of Wool Buyers said. About 114,200 bales would be offered, the Australian Wool Corporation said.

Trade optimism was based on expectation of Soviet orders and Chinese wool textile industry interest, the council said.

● **U.S. ROASTINGS** of green coffee in the week ended October 13 were about 365,000 60kg bags, including that used for soluble production, compared with 375,000 in the corresponding week last year, George Gordon Paton said.

● **THAILAND** increased its exports of tapioca pellets and chips to 4.70m tonnes in the January to October 13 period, from 3.87m tonnes at the corresponding point last year,

Singapore pig policy hits farmers

BY CHRIS SHERWELL IN SINGAPORE AND WONG SULONG IN KUALA LUMPUR

A GLUT of pigs in Singapore and Malaysia has brought a plunge in local pork prices which is delighting housewives but pushing farmers into financial trouble.

Recently, pig prices have dipped well below the S$200 (£74) mark for 100 kg, having been about S$400 in 1982, and no upturn is in prospect. A search has begun for export markets, beginning with another pork-loving Chinese population, in Hong Kong.

In both countries part of the explanation lies in the natural cyclical variation of the market. Every few years high prices stimulate production, bringing a glut and fierce competition.

In Malaysia production of slaughtered pigs is about 6,000 a day now, from 4,500 last year. The figure for Singapore is about 3,000 a day.

In the latest cycle, however, it is clear something more serious is going on. It is related to a reversal in Singapore policy towards pig-farming, announced in March by Dr Goh Keng Swee, the acknowledged architect of Singapore's economic miracle, who stepped in to head the Primary Production Department.

Under the new policy Singapore is expected to phase out nearly 4,000 pig-farmers who have been keepin gthe island state at 95 per cent self-sufficiency in pork, and instead to import supplies of fresh and frozen pork from neighbouring Malaysia, Thailand and Indonesia and from elsewhere.

The decision has had no small impact. Singapore's sole opposition member of parliament claimed a farmer committed suicide when told he would have to quit. A newspaper recently published many letters from distressed animal-lovers after reporting that a farmer was starving his surplus sows to death.

Those in the business say the Government's announcement has caused farmers to get rid of their pigs as fast as possible. At the same time previous expansion programmes have come onstream and a surge in Singapore's pig supply has resulted.

Nor is this all. The Government, apparently in expectation of the forthcoming changes, has lowered import fees for pork imports. Frozen supplies have flooded in. These have come mainly from Scandinavia—Denmark and Sweden—and are said to be heavily subsidised.

For Malaysian exporters to Singapore the market has become increasingly difficult as fresh pork prices have fallen. They are now looking to places like Hong Kong to try to sell their output.

The plight of those directly affected in Singapore is largely disregarded by the authorities because the clear benefits to consumers are obvious. Retailers report booming sales.

Those suffering in Malaysia face a more sensitive problem: the country's official religion is Islam and Moslems are not supposed to handle pork.

Farmers hit by the glut do not wish therefore to publicise their difficulties too much for fear of provoking more radical Moslems who might criticise the country's pig production. This *is largely in Chinese hands*.

Plans are meanwhile progressing under Singapore's new policy for large pig-farms in Indonesia and Thailand to meet future Singapore demand.

One Singapore-Thailand venture is talking of 120,000 pigs a year; another, planned for a nearby Indonesian *island*, is reckoned to involve one of the world's largest single pig-farms, producing 500,000 a year.

As Dr Goh told the Singapore parliament: "The future of the Singapore pig looks to me to be very bleak."

EEC beef market in 'chronic' surplus

BY ANDREW GOWERS

THE EEC beef market is likely to be in a state of "increasingly chronic surplus" for the rest of this decade at least, as production rises steadily and consumption declines.

This was the forecast yesterday from Agra *Europe*, the European agricultural intelligence bureau.

In a report on the international beef market it predicts that EEC production will reach 7.5m tonnes by 1990, giving an exportable surplus of more than 1.4 tonnes, double its present level.

A big jump in output is taking place this year as dairy-farmers slaughter cows in response to milk-production quotas.

Community beef production is now expected to reach a record 7.26m tonnes this year, says Agra Europe, up 5 per cent on last year.

Stocks, already at a record of more than 500,000 tonnes, are expected to reach 650,000 tonnes by the end of the year.

In the longer term, however, the report says the drift into beef production is likely to continue and will reinforce an existing trend towards over-production.

Consumption meanwhile is likely to remain depressed because the Community is unlikely to take any steps to boost demand by lowering prices, the report says.

The world market, too, can only become more difficult in coming years, with principal beef-producing countries all predicting significant rises in output between now and 1990.

Japan's wheat imports fall

TOKYO — Japan's wheat imports fell to 470,614 tonnes last month from 579,113 tonnes in August and 549,921 tonnes a year earlier, Finance Ministry customs-cleared trade statistics show.

Cumulative January - September feed wheat imports fell to 918,276 tonnes from 946,697 tonnes a year earlier. Edible wheat imports rose to 3.37m tonnes in the nine months, from 3.26m a year earlier.

January-September durum wheat imports totalled 64,264 tonnes against 56,479 a year earlier.

Maize imports fell to 872,857 tonnes last month from 1.15m in August and 1.14m a year ago.

Last month feed maize imports fell to 617,337 tonnes from 825,352 tonnes in August and 856,487 tonnes a year ago, bringing the January-September total to 7.57m tonnes from 7.97m last year.

Cocoa-bean imports rose to 4,753 tonnes last month from 2,765 tonnes in August and 2,908 tonnes a year earlier.

Main suppliers were Ghana, Venezuela and Ecuador.

Cumulative January-September imports totalled 28,131 tonnes against 23,564 tonnes a year earlier.

Japan's coffee imports fell to 361,526 60 kg-bags last month from 44,418 in August, but were up from 295,640 bags a year earlier.

Brazil was the biggest supplier, followed by Indonesia, Honduras and Colombia.

Cumulative January-September imports totalled 2.95m bags against 2.54m a year earlier.

Reuter

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 22 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1138
Free Mkt	$1105/1135	+25	$1055/085
Copper			
Cash h Grade	£1051.25	−0.75	£1028.5
3 mths	£1076.75	+1	£1050.25
Cash Cathode	£1052.25	+1.25	£1030.5
3 mths	£1070	+1	£1048
Gold troy oz	$339.20	+0.75	$347
Lead Cash	£338.75	−2.75	£333.25
3 mths	£346.25	−1.25	£337.75
Nickel	£5868	......	£5333
Free Mkt	218/238c	+2	212/220
Palladium oz	$139.75	+0.5	$148.00
Platinum oz	$326.00	+0.25	$322.50
Quick Silver†	$302/310	......	$302/310
Silver troy oz	601.30p	−2.00	612.65p
3 mths	616.60p	−1.20	628.20p
Tin cash	£9652.5	−40	£9595
3 mths	£9618.5	−36	£9502.5
Tungsten	$86.18	......	$88.27
Wolfram 22.04lb	$83/86	......	$84/87
Zinc	£641.0	+11.25	£620.0
3 mths	£621.5	+18	£617.75
Producers	$900	......	$940

	Oct. 22 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1140y	+20	$1240
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$605x	......	$620
Seeds			
Copra Phil	$680w	−20	‡
Soyabean (U.S.)	$250	......	$246
Grains			
Barley Fut. Jan.	£110.75	−0.10	£110.20
Maize	‡	......	‡
Wheat Fut. Jan.	£110.80	......	£109.00
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£2039	+1	£2090
Futures Dec.	£1951	+0.0	£2014.5
Coffee Ft. Jan.	£2365.5	−3	£2417.5
Cotton A Index	73.95c	......	73.55c
Gas Oil Nov.	$229	+7.25	$249.5
Rubber (kilo)	60.5p	......	62p
Sugar (raw)	$126.5yz	−0.5	$110
Woolt'ps 64s	497p kilo	......	479p kilo

‡ Unquoted. x Nov. z Dec. w Nov-Dec. v Sept-Oct. y Oct.-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.00-27.10	+0.02
Dubai Fateh	26.78	−0.3
Arab Heavy	26.00-26.30	+0.04
North Sea (Forties)	27.50	+1.2
North Sea (Brent)	27.60-28.00	+1.25
African (Bonny Lt'ht)	28.65	+0.97
Urals	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	248-254	−1.5
Gas Oil	224-229	+12
Heavy fuel oil	180-184	−1

GAS OIL FUTURES

Gas oil prices moved higher through most of the day, *reflecting* the extreme nervousness in the markt after the recent fall. The market eased off in line with New York towards the close, reports Premier Man.

Turnover: 3,830 (7,257) lots of 100 tonnes.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	228.00	+7.50	227.25-21.50
Nov.	229.00	+7.25	230.75-24.00
Dec.	232.20	+7.00	234.00-27.00
Jan.	232.25	+6.50	234.50-21.00
Feb.	230.25	+7.25	231.50-25.00
March	225.25	+6.25	224.75-22.00
April	223.50	+7.00	224.50-19.25

Turnover: 7,257 (8,086) lots of 100 tonnes.

GOLD MARKETS

Gold rose $¾ to $339-339½ on the London bullion market yesterday. It opened at $338¾-$339 and was fixed at $338.00 in the morning and $338.40 in the afternoon.

The metal touched a peak of $339¼-339¾ and a low of $337¾-$338.

In **Paris** the 12½ kilo gold bar was fixed at FFr 102,500 per kilo ($336.84 per ounce) in the afternoon, compared with FFr 102,750 ($338.51) in the morning, and FFr 103,250 ($340.73) Friday afternoon.

In **Frankfurt** the 12½ kilo bar was fixed at DM 33,475 per kilo *($337.72 per ounce)*, against DM 33,700 ($340.19), and closed at $339-339½, unchanged from Friday.

In **Luxembourg** the 12½ kilo bar was fixed at the equivalent of $338.05 per ounce, compared with $340.

In **Zurich** gold finished at $338¾-339¼, *against $338¼-338¾* on Friday.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Oct.	—	—	—
Dec	342.50-42.70	+0.30	342.50-41.50
Feb.	—	—	—
April	—	—	—
June	—	—	—
Aug	—	—	—

Turnover: 211 (333) lots of 100 troy ounces.

	Oct. 22		Oct. 19	
Gold Bullion (fine ounce)				
Close	$339-339½	(£282½-283)	$338¼-338¾	(£283¼-283¾)
Opening	$338¾-339	(£283¼-283¾)	$340-340½	(£285⅛-285½)
Morning fixing	$338.00	(£280.872)	$339.60	(£284.184)
Afternoon fixing	$338.40	(£282.424)	$339.50	(£283.807)

Gold and Platinum Coins Oct. 22					
Krugrnd	$350-350½	(£291¾-292¼)	King Sov	$80½-82	(£67¼-68¼)
½ Krug.	$180¼-181	(£150½-151)	Victoria Sov	$80½-82	(£67¼-68¼)
¼ Krug.	$93¾-95½	(£78¼-79½)	French 20s	$64½-66	(£53¾-55)
1/10 Krug.	$38¾-39¾	(£32¼-33¼)	50 Pesos Mex	$410½-421	(£349¼-350¼)
Mapleleaf	$349¾-350½	(£291¼-292¼)	100 Cor. Aust	$339-358	(£274¼-279¾)
New Sov.	$80-80½	(£66¾-67¼)	$20 Eagles	$510-535	(£429½-446)
½ New Sov.	$48-49½	(£40-41¼)	Noble (Plat.)	$330¼-339	(£270½-282¾)

EUROPEAN MARKETS

ROTTERDAM, October 22.

Wheat—U.S. $ per tonne. U.S. two soft red winter Nov 160.75, Dec 161.50, Jan 161.75, Feb 162.75, March 162.60. U.S. two northern spring 14 per cent protein Oct 173.50, Nov 173.50, Dec 177.50, *Jan* 184, *Feb* 186.50, March 188.50, April/May 190. U.S. northern spring 15 per cent protein Oct 183, Nov 187, Dec 189. U.S. three hard amber durum mid-Oct/mid-Nov 189, Nov 189, mid-Nov/mid-Dec 191, April/May 197, June 198. Canadian one western amber durum Nov 208.

Maize—(U.S. $ per tonne): U.S. three yellow afloat cif Ghent 136, Oct 135.50, Nov 134.75, Dec 135, Jan-March 137, April-June 139 sellers: Argentine Plate Oct-Nov 170, Nov 170, April-June 148 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 yellow Gulfports Oct 254, Nov 253.75, Dec 254, Jan 257.75, Feb 260.75, March 263.25, April 265.50, May 267.60 sellers.

Soyameal—(U.S. $ per tonne): U.S. 44 per cent Oct 173, Nov 175, Dec 176, Nov-March 177, Jan-March 18*, April-Sept 190 sellers: Pellets Brasil afloat 188, Oct 191, Nov 182, Dec 194, *Jan* 203, Jan-March 199 sellers; Pellets Argentine afloat 178, Oct 177, Nov 177, Dec 178, Jan 184, Jan-March 189 sellers. 4.00-4.50. **Globe Artichokes**—French: 24s 9.50-9.60. **Beans**—*Kenyan: fine* 3.80-4.00, extra fine 4.50-5.00. **Cucumbers**—Dutch: 3.80-4.80; Canary: 4.00-4.20; Spanish: 3.80-4.00. **Radicchio**—Italian: trays 4.00-4.50. **Courgettes**—French: 0.45-0.50; Kenyan: 0.55-0.60; Jersey: 0.38-0.40. **Calabrese**—Italian: per pound 0.35-0.40; Jersey: 0.40-0.50. **Mushrooms**—Dutch/Belgium: closed 0.80-0.90. **Asparagus**—S. African: per bundle 1.50-1.80; Chilean: per pound 2.00. **Lettuce**—*Spanish*: iceberg 12s 5.50-6.00; French: 20s 12.00; U.S.: 30s 24.00. **Cranberries**—U.S.: 12 oz 0.60, 6 oz 0.45.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. ZINC gained *ground* and *touched* £640 *before* closing the late kerb at £639.25 following the stocks decline and fund buying. Heavy buying by Commission Houses boosted ALUMINIUM to £895 before a close of £887.5, while

COPPER

COPPER was marginally firmer at £1,076. LEAD *dipped to £346 early on* but subsequently rallied to end the day at £352 owing to substantial speculative support. TIN reflected a firmer trend in sterling and dipped to £9,605 before rallying on buffer stock support to close at £9,630.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1052-.5	−6	1051-.5	−.75
3 months	1076-.5	−5	1070.5-7	+1
Settlem't	1052.0	−5	—	—
Cathodes				
Cash	1051.25	−5.75	1051.5-2	+1.25
3 months	1072-3	−5.5	1072-4	+1
Settlem't	1052	−6	—	—

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,052, three months £1,078, 77, 76, 76.5. Cathodes: Cash £1,052, 51.5, three months £1,073. Kerb: Higher Grade: Three months £1,078.5, 76, 75, 74, 75, 75.5, 75. Afternoon: *Higher Grade*: Three months £1,078, 76.5. Kerb: Three months £1,078.5. Turnover: 16,250 tonnes. U.S. Producers: 60-65 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	9650-60	−77.5	9635-45	−70.5
3 months	9650-60	−48	9535-45	−40.5
Settlem't	9660	−75	—	—
Standard				
Cash	9640-50	−67.5	9630.0	−40
3 months	9625-30	−45	9510.5	−38
Settlem't	9650	−55	—	—
Straits E.	$29.18	......	—	—

Tin—Morning: Standard Cash £9,660, three months £9,660, 55, 50, 45, 40, 30. High Grade: Three months £9,675. Kerb: Standard: Three months £9,630, 25. Afternoon: Standard: Three months £9,620, 15, 10, 10, 15, 20, 15, 05, 10. *Kerb: Three months* £9,610, 15, 20, 25, 30. Turnover: 1,635 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	340.5-1	−1.66	338.0-9	−2.75
3 months	346.0-7	−1.87	346-.5	−1.25
Settlem't	341	−1.5	—	—

Lead—Morning: Three months £347, 46.5, 47. Kerb: Three months £346.5, 46. Afternoon: Three months £346.0, 47, 46.5, 46. Kerb: Three months £346, 48, 49, 50, 49, 50, 51, 51.5, 52. Turnover: 15,050 tonnes. U.S. Spot: 22-26 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	640-1	+6	641-2	+11.25
3 months	623.0	+7	621-.5	+12
Settlem't	641	+6.5	—	—

Zinc — High Grade Official/Unofficial Prices: Cash am £712-715, pm £715-720. Three months am £675-680, pm £678-683; settlement £715.

Zinc—Morning: Three months £634, 35, 35.5, 35, 34. High Grade: Cash £715, 12. Kerb: Three months £634, 33.5, 33, 32.5. Afternoon: Three months £634.5, 35, 35.5, 36, 37, 38, 37.5, 37, 36.5, 37. Kerb: Three months £637, 37.5, 38, 39. Turnover: 13,325 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	868-.5	+12.75	862-3	+3
3 months	891.5-2	+12.5	887-.8	+4.5

Aluminium — Morning: Cash £869, 68.5, three months £894, 93.5, 93, 94, 95, 96, 95, 94.5, 94, 93, 92.5, 92. Kerb: Three months £892, 91, 90, 89, 88. *Afternoon*: Three months £886, 85.5, 86, 86.5, 87, 88, 87. Kerb: Three months £886, 86.5, 87, 87.5, 88. Turnover: 24,750 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	4050-60	+35	4020-5	−1
3 months	4125-30	+52.5	4097-100	−5

Nickel — Morning: Three months £4,135, 30. Kerb: Three months £4,120. Afternoon: Three months £4,105, 4,100, 4,097, 95, 4,100. Kerb: Three months £4,100. Turnover: 564 tonnes.

SILVER

Silver was fixed 2p an ounce lower for spot delivery in the London bullion market yesterday at 601.35p. U.S. cent equivalents of the fixing levels were: spot 718.3c, down 2.7c; three-month 736.1c, down 1.6c; six-month 753.7c, down 2.5c; and 12-month 794.7c, down 1.4c. *The metal opened at* 602½-605½p (720-723c) and closed at 602½-605½p (723-726c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	601.35p	−2.90	604.0p	−2
3 months	619.50p	−1.25	620.75p	−1
6 months	630.70p	−2.90	—	......
12 months	663.50p	−2.50	—	......

LME—(2,000 oz contract): Cash 604.5p (606.5p); three months 620.75p (621.75p). Turnover: 0 (0).

Turnover: 65 (95) lots of 10,000 ozs. *Morning*: Large 1st ring three months 618.5, 2nd ring three months 618.5. Kerb: untraded. Afternoon: large 1st ring three months 622, 21.5, 21, 2nd ring three months 621. Kerb: untraded.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Oct.	1700-2500	—	—
Dec.	1950-1952	+0.5	1967-1946
March	1910-1912	−4.0	1922-1910
May	1918-1919	−1.0	1935-1916
July	1928-1934	−1.5	1939-1922
Sept.	1926-1930	+0.0	1944-1929
Dec.	1906-1910	+0.0	1915-1905
Mar.	1880-1960	+02.5	1900

Sales: 3,190 (1,417) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Oct 22: 102.71 (101.86): five-day average for Oct 23: 101.66 (101.12).

COFFEE

Light trade buying *during* a *quiet* opening prompted small gains, reports Drexel Burnham Lambert. Values rose slightly but commission house selling and small-scale profit-taking created a gradual retreat. Prices moved lower on *the re-opening call* but *consolidated* at £5-£7 down in very quiet conditions.

COFFEE	Yesterd'ys Close	+ or —	Business Done
Nov.	2355-60	+6.0	2365-42
January	2364-67	−2.0	2374-59
March	2276-79	+2.0	2281-68
May	2247-50	+0.0	2260-35
July	2240-45	+10.0	2239-31
Sept.	2230-38	+3.5	2236-22
Nov	2225-30	—	—

Sales: 1,783 (2,260) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 19: Comp. daily 1979 *136.71 (135.02): 15-day average* 135.77 (135.80).

GRAINS

The markets eased on long liquidation early in the day but gradually regained the losses in dull trading, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Nov	106.60	−0.25	107.20	−0.15
Jan	110.60	—	110.75	−0.10
Mar	114.20	—	113.70	−0.10
May	117.50	—	115.60	−0.10
July	118.20	−0.05	—	
Sept	99.50	+0.50	98.00	+0.40

Business done—Wheat: Nov 107.00-6.40, Jan 110.25-10.55, Mar 114.20-4.15, May 117.50-7.35, July 118.10 only, Sept 99.40-9.10. Sales: 275 lots of 100 tonnes. Barley: Nov 107.30-7.20, Jan 110.75-10.70, Mar, May and Sept untraded. Sales: 97 lots of 100 tonnes.

LONDON GRAINS — Wheat: CWRS No. 1 13½ per cent ex-origin transshipment spot 66; U.S. dark northern spring No. 1 15 per cent Nov 158.50, Dec 160.35, Jan 165.35 *transshipment East* Coast: U.S. No. 2 soft red winter Nov 147.35, Dec 148, Jan 148.85: English feed fob Dec 109.50-110.50. Barley: English feed fob Nov 111 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 102.10, E. Mids 104.40, N. East 103.00. The UK monetary coefficient for the week beginning Monday October 29 (based on HGCA *calculations using four days'* exchange rates) is expected to remain unchanged.

PIGMEAT

Heavy long liquidation in the November position made prices tumble in poor volume with little support at the lower levels, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	123.10	125.60	125.50-23.70
Feb	119.00	119.60	119.50-18.50
April	118.10	118.90	118.20-18.50
June	116.10	116.60	117.50-16.10
Aug	113.90	114.00	114.00
Oct	117.50	115.70	117.00-16.50

Sales: 124 (146) lots of 50 carcases 3,250 kg.

POTATOES

With the physical market remaining weak and a bumper crop in prospect futures continued to slide, falling some £2.00 by midday. A PMB statement during the afternoon confirmed private indications of good crops. The Board estimate, based on 68 per cent of the projected crop, indicated an average yield of 36.3 tonnes per hectare compared *with* 1982's *record final* figure of 36.5, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	47.20	49.50	48.00-47.20
Feb	54.00	50.50	56.00-54.50
April	66.80	69.20	69.00-66.50
May	70.40	74.20	75.00-70.00
Nov	71.50	75.50	72.00

Sales: 804 (532) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened unchanged, saw little fluctuation throughout the day and closed dull, reports Lewis and Peat. Closing prices (buyers): spot 60.50p (same): Nov 72.50p (72.75p): Dec 72.75p (73.00p). The Kuala Lumpur Nov fob price for RSS No 1 was 200.5 (200.0) a kg and for SMR 20 was 185.5 (same).

SOYABEAN MEAL

The market opened £1.50 up in active trading, reports T. G. Roddick. Chicago support pushed prices higher throughout the day.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October	—	—	—
Dec.	148.00-46.50	+0.20	148.00-45.80
Feb.	150.00-50.10	+3.45	150.00-48.00
Apr.	152.00-52.20	+3.95	151.00-50.00
June	152.50-53.00	+3.55	152.50
August	155.00-55.70	+3.05	—
October	154.00-60.00	+3.50	—

Sales: 91 lots of 20 tonnes, 448 lots of 100 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $126.50 (£106.00), down 50c (unchanged) a tonne for Oct-Nov-Dec delivery. White sugar $175.00, down $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	139.60-37.00	142.80-42.60	143.20-37.00
Mar.	152.50-53.00	159.60-58.20	159.20-52.40
May	158.00-59.80	164.40-64.60	165.00-58.80
Aug.	167.60-68.20	175.20-75.60	174.40-67.80
Oct.	176.00-76.40	181.80-81.40	182.00-80.20
Dec.	185.00-87.00	188.00-90.00	188.00
Mar.	198.50-01.50	205.00-05.00	

Sales: No 6 3,542 (2,083) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £211.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for October 19: *Daily price* 4.82 (4.85): 15-day average 4.70 (4.66).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 100 tonnes. Fair offtake with renewed interest in Middle Eastern qualities. Occasional support came in African growths.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 569.0, 570.0, 570.0-566.0; Dec 571.0, 572.0, 575.0-571.0; March 582.0, 585.0, 588.5-589.5; May 588.0, 590.0, untraded; July 583.0, 594.0, 594.0-593.0; Oct 580.0, 587.0, untraded; Dec 584.0, 591.0, untraded; *March* 594.0, 595.0, *untraded*. Sales:

TEA AUCTIONS

LONDON TEA AUCTION — 33,538 packages were on offer, including 3,600 *packages in the offshore section*. Assams met fair competition but the majority were 5-15p lower. Bangladesh teas came in for improved demand with coloury lines often 5-10p higher. Selected medium East Africans held values but others, including brighter types, opened 5p lower and closed 10p or more down. Central African CTCS were irregular but unchanged on balance while Mozambique orthodox teas met slack demand. The small selection of Ceylons on offer met good demand at firm rates. Offshore teas were quite well supported by 5-10p lower except brighter sorts which advanced. Quotations: Quality 340p a kg (350p), medium 315p a kg (325p), *low medium* 280p a kg (280p).

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 83.0; Ulster hindquarters 89.0 to 91.0, forequarters 54.0 to 57.0. Veal—Dutch hinds and ends 125.0 to 130.0. Lamb—English small 66.0 to 70.0, medium 65.0 to 68.0, heavy 63.0 to 68.0; Scotch medium 64.0 to 68.0, heavy 62.0 to 64.0; *Imported: New Zealand PL* 66.5 to 67.5, PM 65.0 to 66.5, PX 62.5 to 63.0, YL 64.5 to 65.0. Pork—English under 100 lb 58.0 to 65.5, 100-120 lb 59.0 to 63.5, 120-160 lb 50.0 to 58.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package, unless otherwise stated. English Produce: Apples—Per pound, Cox's 0.12-0.22, Bramley 0.10-0.12, Russets 0.15-0.20, Spartan 0.12-0.16, Charles Ross 0.12-0.15. *Pears*—Per pound Conference 0.09-0.16, Comice 0.16-0.24, Beurre Hardy 0.09-0.11. Plums—12 lb, Wyedale 2.00-2.20. Raspberries—½ lb 0.40-0.50. Strawberries—½ lb 0.30-0.50. Potatoes—Per bag 56 lb, whites 2.30-2.50, King Edwards 3.00-3.20, Bakers 4.50-5.00. Mushrooms—Per pound, open 0.60-0.70, closed 0.75-0.90. Lettuce—Per tray round 1.20-1.30, Cos dozen 1.40-1.50; Webb's 1.80-2.00; iceberg 12s 6.50-6.80, 16s 5.00. Carrots—28 lb 1.00-1.60. Greens—Primo 1.20-1.40; cretas, green 2.50-2.80; Jan King 1.40-1.50. Tomatoes—Tray 12 lb 1.70-1.80. Cucumbers—Tray 3.00-3.60. Cauliflowers—Dozen, Lincs 2.60-3.00; Kent 3.00-3.40. *Spring Onions*—Bunch 0.08-0.09. Radishes—Bunched 0.12-0.14. Celery—Prepack 3.00-3.30; loose 1.80-2.20. Watercress—Ice pack 20s 3.40-3.50. Salad—Crisps 16s 1.00-1.10. Courgettes—Per pound 0.35-0.40. Beetroot—Bags 28 lb 1.50-1.60. Onions—55 lb bag 2.80-3.20. Capsicums—Per pound 0.35-0.40. Sprouts—Per pound 0.10-0.16. Corn on the Cob—Each 0.12-0.15. Fennel—Tray 10 lb 3.00-3.50. Leeks—Per pound 0.20-0.22. Swedes—28 lb dirty 1.20-1.30, washed 1.70-1.90. Parsnips—28 lb 2.80-3.00. Turnips—28 lb 2.50-3.00. Cobnuts—*Per pound* 0.50-0.55. *Calabrese*—Per pound 0.45-0.50. Pumpkin—Per pound 0.08-0.10.

Imported Produce: Bananas—Windward Islands: approx 28 lb carton 2.50-7.00; Colombian: approx 40 lb carton 10.00-10.50. Avocados—Canary: 3.80-4.50; Israeli: 4.00-4.60; Spanish: 3.50-4.20. Pineapples—Each: Ivory Coast: (cas freight) 0s 0.60, Cs 0.65-0.70, 8s 0.80-0.90, As 1.10-1.20; Ghana: 8s 1.20-1.40; *Cape: Shelford* Queens 6s 1.50-1.60; Kenyan: 6s 1.40-1.60. Paw Paws—Brazilian: 7.00-7.50. Kiwifruit—New Zealand: 6.80-7.00. Mangoes—Israeli: 6.50-7.00; Brazilian: 9.00-9.50; Kenyan: 9.00-9.50. Tomatoes—Dutch: tray 2.80-3.00, Beefsteak 4.80-5.00; Spanish: boats 2.80-3.50, trays 2.00-2.60; Jersey: 2.00-2.30; Canary: 2.30-2.60. Aubergines—Dutch: 6.00-6.50; Cyprus: 10 lb, 6.00-6.50; Canary: 6 kg 6.50. Onions—Spanish: Grano 20 kg 3.20; Dutch: 40/60 mm 2.80-3.00, 60/80 mm 2.80-3.00. Capsicums—Dutch: green 6.50-7.20, red 5.80-6.00, yellow 7.50-8.00; Jersey: red 5.00-6.00, green 4.50-5.00; Spanish: green 6 kg 4.80-5.00. Cabbages—*Dutch*: red 3.50-4.00, white 3.00-3.50. *Sugar* Peas—Kenyan: 2.00-2.50. Dates—Israeli: fresh dates 5 kg 7.20; French: 30s glove box 16.20-16.50, 24s 10.90-12.00. Garlic: French: nets 5.00-5.50; fresh garlic net 5.50-6.00; Italian: small garlic, nets 3.50-4.00. String Garlic—Italian: 1 kg 1.20-2.00; 7 kg 10.00.

INDICES

FINANCIAL TIMES

Oct. 19	Oct. 18	M'th ago	Year ago
394.76	393.69	389.33	388.36

(Base: July 1 1952 = 100)

REUTERS

Oct. 22	*Oct. 19*	*M'th ago*	*Year ago*
1901.1	1890.3	1871.2	1910.7

Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 18	Oct. 17	Month ago	Year ago
Spot	—	123.79	128.01	140.17
Fut	120.08	120.01	120.12	146.41

(Base: December 31 1974 = 100)

MOODY'S

Oct. 18	Oct. 17	M'th ago	Year ago
951.9	900.1	978.0	1043.7

(Base: December 31 1931 = 100)

AMERICAN MARKETS

NEW YORK, October 22

Gold and silver traded in a featureless fashion as fresh participation was limited ahead of the emergency meeting of Opec on October 29, reports Heinold Commodities. Copper values were modestly lower on light long liquidation in response to the build-up in LME stocks. Sugar declined sharply on good cash availability and technical selling. Coffee showed slight losses on the lack of speculative buying due to a general lack of fresh developments. Cocoa was firm on reports of *delays in the movement of beans to* the ports of West Africa. Cotton was bid limit—up on reports that recent heavy rains in the Delta have damaged the crop and led to harvest delays. Heating oil prices advanced the full daily limit following the statement by Mr Yamani that Opec would be able to hold prices. Soyabeans and grains had a mixed opening but rose sharply late in the day before profit-taking and short selling set in. Soyabeans finished sharply lower on active professional selling while maize was moderately lower on producer hedging: only wheat managed good gains in *response to active demand.*

NEW YORK

ALUMINIUM 40,000 lb; cents/lb

	Close	High	Low	Prev
Oct	47.10			46.45
Dec	47.70	47.90	47.40	47.10
Jan	48.20	—	—	47.60
March	49.20	49.50	48.80	48.60
May	50.25	49.85	49.85	49.65
July	51.30	51.00	51.00	50.70
Sept	52.35	52.05	52.05	51.75
Dec	52.95	—	—	53.35
Jan	54.50	—	—	53.90
March	55.60	—	—	55.00

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2257	2300	2247	2237
March	2195	2212	2180	2171
May	2213	2230	2195	2185
July	2245	2210	2210	2200
Sept	2246	2215	2215	2201
Dec	2261	—	—	2206

COFFEE "C" 37,500lb, cents/lb

	Close	High	Low	Prev
Dec	136.51	35.30	35.14	35.63
March	134.20	34.70	33.85	34.20
May	133.10	33.40	32.90	33.25
July	132.37	32.40	32.10	32.38
Sept	131.10	—	—	31.10
Dec	129.65	30.00	30.80	29.75
March	128.05	29.00	29.00	28.13

COPPER *25,000 lb*, cents/lb

	Close	High	Low	Prev
Oct	55.35	—	—	55.55
Nov	55.50	—	—	55.70
Dec	56.10	56.45	56.05	56.30
Jan	56.70	—	—	56.90
March	57.90	58.25	57.85	58.10
May	59.05	59.35	59.00	59.20
July	60.20	60.45	60.25	60.30
Sept	61.35	61.55	61.25	61.45
Dec	63.05	63.30	63.05	63.15
Jan	63.60	—	—	63.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	69.22	68.22	68.20	67.22
March	70.75	70.75	69.75	68.75
May	72.05	72.05	70.70	70.05
July	72.67	73.05	71.71	71.05
Oct	71.00	71.00	71.00	70.00
Dec	71.05	71.45	70.45	70.00
March	71.85	—	—	70.60

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Dec	28.58	28.57	28.01	27.70
Jan	28.40	28.55	28.00	27.70
Feb	28.21	28.30	27.85	27.54
March	28.10	28.10	27.78	27.41
April	27.57	28.03	27.64	27.31
May	28.18	—	—	27.21
June	27.47	—	—	27.15
July	—	—	—	27.15
August	—	—	—	27.00
Sept	—	—	—	27.09

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	338.4	339.2	337.5	338.7
Dec	342.0	343.1	341.1	342.4
Feb	347.9	348.9	347.2	348.3
April	353.5	354.2	352.0	353.9
June	359.2	360.5	359.4	360.1
Aug	365.9	366.5	366.1	366.2
Oct	372.6	373.0	373.0	372.8
Dec	379.4	380.0	378.5	379.6
Feb	385.7	—	—	385.8
April	393.9	—	—	394.0
June	401.8	401.1	401.1	401.8
Aug	409.9	409.0	409.0	409.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	77.45	77.70	76.30	75.44
Dec	78.42	78.42	77.30	75.42
Jan	78.42	78.42	78.25	77.42
Feb	78.99	78.99	77.70	76.99
March	76.30	76.30	75.60	74.30
April	74.25	75.25	72.75	72.95
May	—	—	—	70.94
June	—	—	—	69.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	164.85	65.25	64.80	65.35
Jan	162.25	69.00	68.20	68.90
March	168.50	68.50	68.30	68.50
Sept	166.40	66.35	66.35	66.40
Nov	166.90	—	—	61.00
Jan	166.90	—	—	65.95
March	166.90	—	—	66.95

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	321.7	325.5	325.5	323.9
Jan	328.7	332.4	329.4	328.0
Jan	328.7	332.4	328.0	331.3
April	336.2	340.2	337.0	338.2
July	344.7	345.0	345.6	347.8
Oct	353.0	356.0	355.5	356.0
Jan	362.0	—	—	365.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	721.8	—	—	721.6
Nov	724.1	—	—	724.1
Dec	730.0	736.0	726.5	730.0
Jan	736.3	—	—	736.3
March	749.1	754.5	746.0	749.1
May	762.1	765.0	760.5	762.1
July	775.3	780.0	772.0	775.3
Sept	789.7	788.5	789.5	789.7
Dec	812.9	817.0	811.9	812.9
Jan	820.8	—	—	820.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.06	5.31	5.02	5.44
March	5.56	5.84	5.55	5.82
May	5.86	6.24	5.86	6.23
July	6.14	6.50	6.11	6.49
Sept	6.42	6.79	6.42	6.82
Oct	6.62	6.97	6.61	6.96
Jan	7.01	7.40	7.18	7.38
March	7.61	7.97	7.61	7.96

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	62.27	62.60	62.00	62.67
Feb	63.62	63.60	63.10	63.25
April	65.90	66.12	65.30	65.30
June	66.37	66.45	65.80	65.85
August	63.92	63.95	63.42	63.45
Oct	62.10	62.25	62.00	61.50
Dec	63.60	63.60	63.60	—

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	46.65	46.95	46.15	45.95
Feb	48.72	49.00	48.20	48.00
April	46.27	46.45	45.75	45.47
June	49.57	49.70	49.05	48.90
July	50.95	51.00	50.35	50.15
August	48.95	48.95	48.55	48.25
Oct	46.57	46.60	45.50	46.00
Dec	47.80	47.95	47.80	47.52

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	278.2	279.0	276.0	278.6
March	283.8	285.6	283.0	285.4
May	289.0	291.4	288.4	291.2
July	292.2	295.0	292.0	294.2
Sept	287.4	290.0	287.4	289.2
Dec	284.4	287.0	284.4	287.6
March	292.0	294.0	292.0	294.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	63.92	64.30	62.45	62.37
March	63.47	64.00	62.40	62.37
May	65.32	65.65	64.00	63.72
July	65.30	65.60	64.57	64.97
August	64.00	64.25	63.20	62.70

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	624.2	642.0	623.0	631.0
Jan	634.4	652.0	634.0	642.4
March	649.0	665.4	648.4	655.6
May	662.2	678.0	662.0	669.2
July	670.0	683.4	669.0	676.0
August	669.4	683.0	669.4	675.0
Sept	659.4	667.4	659.0	663.4
Nov	657.0	665.4	656.0	661.0
Jan	671.0	—	—	674.0

SOYABEAN OIL 60,000lb, cents/lb

	Close	High	Low	Prev
Oct	30.00	30.58	29.90	29.92
Dec	26.62	27.45	26.60	26.83
Jan	25.79	26.06	25.77	26.02
March	25.17	26.00	25.15	25.39
May	24.95	25.75	24.90	25.22
July	24.90	25.60	24.88	25.10
Aug	24.62	24.85	24.60	24.85
Sept	24.37	—	—	24.18
Oct	24.15	—	—	24.30
Dec	24.10	24.10	24.00	24.05

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	154.9	156.2	153.8	153.8
Dec	157.0	161.0	156.7	158.5
Jan	159.9	164.0	159.5	161.5
March	165.1	169.5	165.0	167.9
May	171.4	175.0	171.0	173.6
July	175.5	180.0	175.5	177.5
Aug	176.8	179.0	175.5	177.1
Sept	178.0	—	—	177.1
Oct	175.5	178.0	176.0	177.0
Dec	176.2	178.0	176.0	177.1

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	358.4	358.0	352.4	352.6
March	360.6	362.4	358.0	358.2
May	357.4	358.2	355.0	355.0
July	342.0	344.4	340.4	340.4
Sept	346.0	349.0	345.4	345.0
Dec	358.0	—	—	358.0

SPOT PRICES — Chicago loose lard 31.00 (same) cents per pound. New York tin 527.0-53.0 (530.0-43.0) cents per pound. Handy and Harman silver bullion 725.8 (same) cents per troy ounce.

هكذا صدر الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling helped by Opec talks

Sterling touched a peak of $1.2010 against the dollar yesterday afternoon, and was hovering around the $1.20 level at the close of trading on the London foreign exchange market. The pound was boosted by news from the Geneva meeting of the Organisation of Petroleum Exporting Countries and by a little more optimism about the miners' strike.

Comments from Opec ministers about keeping prices unchanged and cutting oil production pushed sterling up in late trading, after a fairly quiet day when the pound had shown a slightly better tone against the dollar and major currencies in general.

News that the Advisory, Conciliation and Arbitration Service had organised a meeting between the National Coal Board and the pit deputies' union came too late to influence the London market, and had little effect after hours in New York, where sterling continued to move around the £1.20 mark.

The pound closed at $1.1990-1.2000 in London, a rise of 70 points from Friday. It also improved to DM 3.6875 from DM 3.6650; FFr 11.32 from FFr 11.25; SwFr 3.0325 from SwFr 3.02; and Y296.50 from Y294.75.

According to the Bank of England, sterling's exchange rate index rose 0.4 to 74.4. It opened at 74.2, and after falling to 74.1 in the morning touched 74.2 at noon, rising further in the afternoon.

The dollar had a fairly quiet day, lacking new factors. No major economic statistics were published. The threat of intervention by central banks, particularly the German Bundesbank continued to overhang the market, but the major influence was the recent downward trend in U.S. interest rates.

The Federal Reserve did not intervene to drain funds from the New York banking system, despite a Federal funds rate of around 9 15/16 per cent. This lent furhter support to suggestions the Federal Reserve is happy to see a Federal funds rate of around 10 per cent, following projections of favourable inflationary trends.

After a quiet day the dollar rose to DM 3.0750 from DM 3.0720, but declined to FFr 9.4350 from FFr 9.45; SwFr 2.5290 from SwFr 2.5325; and Y247.25 from Y247.35.

On Bank of England figures the dollar's index rose to 143.8 from 142.8.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. September average 3.0235. Trade weighted index 121.2 from 126.5 six months ago.

The dollar was firmer at yesterday's fixing in Frankfurt at DM 3.0848, up from DM 3.0780 on Friday and the Bundesbank sold a nominal $7.2m. A rise in Euro-dollar rates helped to underpin the dollar but there appeared to be little incentive to push the dollar too far in rather featureless trading. Elsewhere sterling was fixed at DM 3.6810 from DM 3.6870 while the French franc improved to DM 32.6000 from DM 32.570 per FFr 100.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct. 22	Previous
8.30 am	—	—
9.00 am	74.2	74.2
10.00 am	74.1	74.3
11.00 am	74.1	74.2
Noon	74.2	74.2
1.00 pm	74.2	74.3
2.00 pm	74.3	74.3
3.00 pm	74.3	74.3
4.00 pm	74.4	74.0

New York rates

	Oct. 22	Prev. close
£ Spot	$1.2005-1.2015	$1.1940-1.1950
1 month	0.04-0.02 pm	0.05-0.03 pm
3 months	0.07-0.04 pm	0.10-0.05 pm
12 months	0.43-0.35 dis	0.35-0.45 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0549	+0.34	+0.86	±1.5428
Danish Krone	8.14104	8.04927	−1.13	−0.91	±1.6421
German D-Mark	2.24184	2.22938	−0.56	−0.34	±1.1463
French Franc	6.87456	6.83783	−0.53	−0.31	±1.3659
Dutch Guilder	2.52595	2.51395	−0.48	−0.26	±1.5165
Irish Punt	0.72569	0.719577	−0.84	−0.62	±1.6671
Italian Lira	1403.49	1379.49	−1.71	−1.71	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Oct 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1915-1.2010	1.1990-1.2000	0.05-0.02c pm	0.35	0.07-0.02 pm	0.15
Canada	1.5770-1.5880	1.5840-1.5850	0.17-0.24c dis	−1.55	0.52-0.59dis	−1.40
Nethlnd.	4.1340-4.1675	4.15½-4.16½	1⅛-1⅛c pm	4.33	4⅛-4⅛ pm	4.15
Belgium	74.10-74.85	74.55-74.85	par-5c dis	−0.40	par-5 dis	−0.24
Denmark	13.25-13.32½	13.29½-13.30½	⅛-1⅞ore dis	−0.56	2⅛-4⅛ dis	−0.96
Ireland	1.1848-1.1926	1.1905-1.1913	0.13-0.27p dis	−2.02	0.61-0.76dis	−2.12
W. Ger.	3.6540-3.6965	3.68¾-3.69¾	1⅛-1⅛pf pm	5.29	4⅛-4 pm	4.64
Portugal	194.50-196.75	195.35-196.75	165-475c dis	−19.59	465-1370dis	−18.72
Spain	206.70-207.87	207.60-207.80	25-50c dis	−2.17	130-175 dis	−1.26
Italy	2270½-2286½	2286-2288	9-12lire dis	−6.51	26-30 dis	−4.90
Norway	10.65-10.69	10.66½-10.67½	2⅛-3ore dis	−2.96	6⅛-7⅛ dis	−2.62
France	11.24-11.32½	11.31½-11.32½	⅛-⅛c dis	0.46	1⅛-2⅛ dis	−0.66
Sweden	10.4150-10.46	10.43½-10.44½	2⅛-3ore dis	−3.02	6⅛-7⅛ dis	−2.71
Japan	294½-297	296-297	1⅛-1y pm	4.55	3⅛-2⅛ pm	4.13
Austria	25.80-25.94	25.87-25.92	8⅛-7gro pm	3.53	20⅛-17 pm	2.88
Switz.	3.01⅛-3.04	3.02½-3.03½	1⅛-1⅛c pm	5.94	4-3⅛ pm	5.03

Belgian rate is for convertible francs. Financial franc 75.40-75.50. Six-month forward dollar 0.04-0.09c dis. 12-month 0.45-0.60c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1915-1.2010	1.1990-1.2000	0.05-0.02c pm	0.35	0.07-0.02 pm	0.15
Ireland†	1.0045-1.0095	1.0075-1.0085	0.15-0.13c pm	1.73	0.67-0.57 pm	2.51
Canada	1.3208-1.3225	1.3208-1.3213	0.18-0.02c dis	−1.72	0.45-0.49dis	−1.42
Nethlnd.	3.4575-3.4780	3.4685-3.4695	1.32-1.29c pm	4.60	3.63-3.60 pm	4.18
Belgium	62.05-62.33	62.05-62.15	2½-3½ore dis	−6.58	4-7 dis	−0.35
Denmark	11.09¾-11.13½	11.09¾-11.10¼	par-½c dis	−6.27	½-1 dis	−0.27
W. Ger.	3.0670-3.0865	3.0745-3.0755	1.28-1.24pf pm	4.92	3.46-3.43 pm	4.48
Portugal	163-164	163-164	150-400c dis	−20.18	400-1150dis	−18.96
Spain	173.10-173.45	173.10-173.40	32-45c dis	−2.66	120-150dis	−2.11
Italy	1904½-1908	1905½-1906½	9.20-9.70lire dis	−5.94	24½-25½dis	−3.16
Norway	8.90½-8.94	8.90½-8.90½	2.10-2.60ore dis	−2.18	5.80-6.30dis	−2.71
France	9.41½-9.47	9.43-9.44	0.35-0.55c dis	−0.57	1.10-1.50dis	−0.55
Sweden	8.71-8.74	8.71-8.71½	2.00-2.50ore dis	−3.09	6.55-6.05dis	−2.86
Japan	247.05-247.65	247.20-247.30	0.91-0.87y pm	4.31	2.54-2.49 pm	4.06
Austria	21.58-21.65	21.58-21.63	6.50-5.90gro pm	3.43	18.75-14.75pm	2.91
Switz.	2.5260-2.5380	2.5285-2.5295	1.14-1.08c pm	5.26	3.18-3.10 pm	4.94

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.85-62.95.

OTHER CURRENCIES

Oct. 22	£	$		£ Note Rates
Argentina Peso	127.30-127.43	106.31-106.40	Austria	25.70-26.00
Australia Dollar	1.4345-1.4365	1.1975-1.1986	Belgium	74.60-75.50
Brazil Cruzeiro	2,958.0-2,996.0	2,481-8,493	Denmark	13.18-13.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Oct 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.4	−15.6
U.S. dollar	143.8	+29.0
Canadian dollar	86.8	−5.5
Austrian schilling	111.2	+5.5
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.828939	0.604714
U.S. $	9	0.989504	0.723815
Canadian $	12.11	*	0.955344
Austria Sch.	4½	21.4406	15.6562
Belgian Fr.	11	61.6758	45.0549
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for Oct 19: 1.30850

EXCHANGE CROSS RATES

Oct. 22	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 9 15/16-10 1/16 per cent; seven days 9 15/16-10 1/16 per cent; one month 10⅛-10⅛ per cent; three months 10 5/16-10 7/16 per cent; six months 10⅝-10¾ per cent; one year 11 1/16-11 3/16 per cent. Long-term Eurodollars: two years 12-12⅛ per cent; three years 12¼-12⅜ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Gilts firm

Sterling-based instruments showed a firmer tendency in the London International Financial Futures Exchange yesterday. Prices opened on a steady note but were boosted by the news over the weekend of a new NCB spokesman and renewed hopes of avoiding a strike by UK mining supervisory workers. The prospect of steady oil prices also improved sentiment and helped values recover in line with sterling's stronger performance against the dollar.

The turn in sentiment was accelerated as U.S. centres entered the market as buyers and prices rallied to finish close to the best levels of the day. The December gilt price opened at 105-24 and rose to finish at its best level of 106-13 compared with 105-20 on Friday. Three-month sterling deposits opened at 89.35 for December delivery and touched a high of 89.53 before finishing at 89.52 from 89.34 previously.

The U.S. Treasury bond future lost ground initially as the market reacted to late selling in New York on a higher Federal funds rate. However contracts attracted support later in the day after failure to break lower resistance levels. Consequently the December three-month Treasury bond recovered from a low of 70-00 to finish at 70-09, up from an opening level of 70.04 and Friday's close of 70.02.

LONDON

THREE-MONTH $1m points of 100%†

	Close	High	Low	Prev
Dec	89.27	89.28	89.21	89.30
March	88.90	88.91	88.86	88.98
June	88.69	88.69	88.55	89.66
Sept	89.28	—	—	88.35
Dec	87.98	—	—	87.96

Est volume 3,006 (5,686)
Previous day's open int 0,651 (9,745)
† Repriced

THREE-MONTH STERLING £250,000 points of 100%†

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	70-09	70-10	70-00	70-02
March	69-20	—	—	69-14

Est. Volume 1,001 (3,147)
Previous day's open int. 1,806 (2,562)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates slightly easier

Interest rates were slightly easier in the London money market yesterday, reflecting a slight reduction in the upward pressure experienced recently. This was primarily a reflection of the recent reshuffle within the National Coal Board and increased hopes of averting Thursday's proposed strike by Nacods members. In addition, there were further signs that Opec members would opt for a reduction in oil production rather than tariff cuts. Sterling's better performance against the dollar also improved sentiment.

Consequently three-month eligible bank bills were bid at 10 3/32 per cent down from 10 7/32 per cent while three-month interbank money traded in a range of 10 11/16-10⅝ per cent compared with 10 13/16-10 13/16 per cent. The weaker trend was keener at the longer end with 12-month interbank slipping to 10¾-11 per cent from 10 15/16-11⅛ per cent. Overnight interbank money opened at 10-10½ per cent and eased to 8 per cent before coming back to 11 per cent.

The Bank of England forecast a shortage of around £50m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £283m and the unwinding of previous sale and repurchase agreements a further £343m. On the other hand Exchequer transactions added £182m and there was a fall in the note circulation of £280m. There was no intervention by the Bank in the morning.

In the afternoon the shortage was revised to around £100m and the authorities gave assistance of £85m. This comprised purchases of £7m of eligible bank bills in band 2 (15-33 days) at 10⅛ per cent and £10m in band (34-63 days) at 10¼ per cent. In band 4 (64-91 days) it bought £68m of eligible bank bills at 10⅛ per cent.

In Tokyo short-term rates were a little firmer reflecting the growing proximity of the month end. Longer term rates were not so affected however with the yen's weaker trend against the dollar encouraging a switch out of foreign issued bonds and into yen. Despite last week's action by the Japanese central bank to prevent rates running too low, demand for this week's 10-year Government bond issue could put further downward pressure on rates.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Oct. 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	10⅛	¾-1¼	6⅛-3⅛	6.16625	16⅞-17¼	6.20	18¼-19½
One month	5.80-5.90	10¼-10½	4 11/16-5 1/16	5⅞-6	6.21875	16¾-17⅛	10⅞-11	19⅝-15
Two months	5.80-5.90	10¼-10⅛	—	—	—	—	—	13-13¼
Three months	6.00-6.10	10¼-10½	6⅛-6⅛	6¼-6 1/16	6.34375	17⅛-17⅛	10⅞-11	13⅛-15⅝
Six months	6.00-6.10	10⅛-10⅝	—	6⅛-6¼	—	—	11-11¼	15⅝-15⅝
Lombard	5.5	—	—	—	—	—	—	
Intervention	—	11	—	6¾	—	—	—	

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Oct. 22 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-11	9⅝-10	9¾-10¼	0-10	—	—	—	—	—
2 days notice	—	—	9⅞-10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10-10⅛	10-10¼	10⅛-10⅝	9¾-10⅛	—	—	—	—	—
One month	10 11/16-10⅝	10⅝-10 11/16	10⅛	10⅛	10¼-10⅝	10⅛	10 3/32	10⅛	10 3/32	11
Two months	10 11/16-10⅝	10⅝-10 11/16	10 11/16	10⅞	10¼	10⅛	10¼	10 3/32	10¼	10⅝
Three months	10⅝-10⅝	10 11/16-10⅞	10⅝	11	10⅛-10¼	10 1/16-10⅛	9 15/16-10	10⅛	10⅛	10⅝
Six months	10 11/16-10½	10 11/16-10⅞	10¼	—	—	—	—	10 3/32-10¼	10 1/16-10⅛	10⅞
Nine months	10 11/16-10⅝	10¾-11	—	—	—	—	—	—	—	—
One year	10 11/16-10⅞	10¾-11	10¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10⅞	—	10⅝	9.90-10.05	9 13/16-9⅛	9⅝-9¾
Two months	11⅛-10⅞	—	10⅝	10.0-10.2	9 13/16-9 13/16	9 15/16-9 13/16
Three months	11⅛-10⅞	—	10¾	10.25-10.35	9 1/16-9 13/16	9¾-9⅞
Six months	11¼-10¾	—	10⅞	10.55-10.65	9 13/16-9 15/16	9 13/16-9 15/16
Nine months	11⅛-11	—	11	10.8-10.9	—	—
One year	11⅛-11	—	11	10.8-11.0	9 13/16-9 15/16	10 3/16-10 5/16
Two years	—	11⅛	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 10.0620 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10⅛ per cent; three-six months 10⅛ per cent; six-nine months 10⅛ per cent; nine-12 months 11 per cent. Under £100,000 10 per cent from September 12. Deposits held under Series 5 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. October 22)

3 months U.S. dollars	
bid 10 3/8	offer 10 1/2

6 months U.S. dollars	
bid 10 11/16	offer 10 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12¾-12¾
Broker loan rate	11-11¾
Fed funds	9 15/16
Fed funds at intervention	—

Treasury Bills

One month	9.25
Two month	9.50
Three month	9.54
Six month	9.57
One year	9.54

Treasury Bonds

Two year	100 13/32
Three year	101 21/32
Four year	105⅛
Five year	103 17/32
Seven year	101 13/32
10 year	104⅛
30 year	106 7/32

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 22, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00	Greenland	Danish Kroner	13.31	Peru	Sol	exc(A)5,090.40
Albania	Lek	9.99	Grenada	E. Caribbean $	3.2228	Philippines	Philippine Peso	22.23
Algeria	Dinar	(A) 6.15	Guadaloupe	Local Franc	11.38	Pitcairn Islands	£ Sterling / New Zealand $	— / 2.4760
Andorra	French Franc / Spanish Peseta	11.38 / 207.70	Guam	U.S. $	1.1996	Poland	Zloty	152.36
Angola	Kwanza	(CM) 37.9045	Guatemala	Quetzal	1.1096	Portugal	Portuguese Escudo	196.05
Antigua	E. Caribbean $	3.2283	Guinea	Syli	99.65	Puerto Rico	U.S. $	1.995
Argentina	New Peso	127.315	Guinea-Bissau	Peso	101.64	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Guyana	Guyanese $	4.4810	[illegible]	[illegible]	[illegible]

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (‡) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rate. (10) Rate for exports. (11) Parallel rate. (12) Rate for imports. (13) Essential imports. (14) Non-essential imports. (15) Nearly all business transactions.

ENI may win finer margin in refinancing

By Peter Montagnon, Euromarkets Correspondent, in London

ITALY'S state energy concern *ENI is considering refinancing* an Ecu 450m ($327m) Eurocredit to obtain finer terms – less than seven months after the deal was signed.

The news has been greeted with consternation in the international banking community which has seen its returns on lending to European countries sharply eroded this year after a spate of refinancings by borrowers seeking better terms.

"This is a favourable moment for renegotiation which is why we are considering it. It doesn't *mean we have taken a decision,"* said Sig Siro Bassani, ENI's financial operations director.

Not only has there been a general decline in interest margins since the loan was mandated, but ENI itself is also having a much better year and should break even *in 1984 after a loss of $1bn* in 1983. It is therefore being "flooded with offers" of cheap credits, he added.

Sig Bassani said ENI might consider restructuring the deal in the form of a Euronote facility but in any case would be looking to a sharp cut in costs. Bankers believe it could get away with a margin as low as ⅜ per cent for eight years in the Eurocredit market.

The present deal, which was increased from an original Ecu 250m, bears interest at a split margin of ½ to ⅝ point over Ecu deposit rates. Mandated banks were Banque Indosuez, Bank of Tokyo, Istituto Bancario San Paolo di Torino and Morgan Guaranty.

Terms for Greek credit set

By Our Euromarkets Correspondent in London

GREECE's telecommunications authority OTE will pay a margin of ⅝ percentage points on the $300m eight-year credit it is arranging from a group of 15 international banks, Commerzbank, one of the lead managers announced yesterday.

Terms of the credit, which include a grace period of four years before repayments start, confirm expectations that Greece would be unsuccessful in its attempt to include a margin of only ½ point for at least the first four years of the credit's life.

The lead managers, however, have also insisted on sticking to *their original proposal of* a four-year grace period despite technical problems that this has caused with the sterling portion of the credit. This amounts to an equivalent of between $60m and $90m and is to be syndicated with transferable loan instruments that permit the credit to be resold in the secondary market.

Bank of England rules require such instruments to have at least a five-year life and as a result a conflict has arisen with the four-year grace period. Commerzbank would not comment yesterday on how this problem has been resolved, but one possibility is that the transferable instruments will only be available on that portion of the loan which falls due after five years.

As expected, Chemical Bank will be agent for the dollar portion of the credit, while Standard Chartered will be agent on the sterling portion as well as on a similar-sized tranche to be raised in Ecus.

Peugeot unit launches FFr 1bn issue

By Paul Betts in Paris

AUTOMOBILES PEUGEOT, one of the main operating divisions of the French private Peugeot car group, returned to the French capital markets after a long absence yesterday with a FFr 1bn ($106.1m) 10-year bond issue.

The Peugeot subsidiary groups the operations of the Peugeot and Talbot car marques. Despite its continuing problems with Talbot, the division has been boosted by the commercial success of *its Peugeot 205 supermini.*

The new bond issue follows a FFr 1bn convertible issue launched by the group holding company Peugeot SA last year. The holding also groups under its umbrella the Citroën car subsidiary.

After suffering several years of heavy losses, the Peugeot group expects to cut losses significantly this year. However it still has an extremely heavy debt burden.

EUROBONDS

Indosuez FRN offers dollar link

BY MAGGIE URRY IN LONDON

BANQUE INDOSUEZ pandered to two of the varied preferences of Eurobond investors yesterday, issuing a sterling floating rate note, accompanied by dollar debt-warrants.

The issue, lead managed by Credit Suisse First Boston (CSFB) was effectively two separate deals, as investors *did* not have *to* buy the package. The FRN raises £85m ($101.9m) through seven-year notes yielding ⅛ point over three-month London interbank offered rate, issued at par.

The 200,000 warrants, priced at $20 each, have a one-year life and can be exercised into a seven-year dollar bond, with a 12⅝ per cent coupon. Total fees were 35 basis points, and the FRN traded well inside that discount at around 99.78.

Morgan Stanley used the warrants formula devised for last week's Denmark issue for a Nippon Credit Bank deal. The $100m issue was snapped up by investors, and the package was offered at the 103½ issue price.

The host bonds have a seven-year life and a 12⅞ per cent coupon, about ¼ point higher than the borrower would normally pay for debt of that maturity. The higher coupon compensates against the chance of the bonds being called – although at 101 rather than par. The borrower can call the bonds during the first five years to make up for any warrants *that are exercised, so keeping* the maximum amount in issue at $100m. After five the bonds can be called at par.

The warrants have a five-year life to buy a seven-year bond with a lower, 12⅜ per cent coupon. Separately the warrants traded around 43 against the implied 35 issue price.

Also in the dollar sector, CSFB launched a $75m issue for the Canadian Suncor, 75 per cent owned by Sun Oil. The deal is a plain vanilla, seven-year, 12⅝ per cent bond at par. Total fees were 1⅞ per cent. The issue came too late for active trading.

The Eurodollar bond market was firm again yesterday, still inspired by the New York market's strength. Prices gained around ⅛ to ¼ point.

Uncertainty still surrounds the tax rulings by the *U.S.* Internal Revenue Service, which affect Eurobonds issued by U.S. borrowers between June 22 and July 18 this year through Netherlands Antilles companies. In Amsterdam, trading in the Fl 100m ($28.8m) Beatrice Foods bond, launched in June, was suspended. The bonds had been trading around 104.

Citicorp's two recent issues, which had also been done through Netherlands Antilles companies, are to be taken over by U.S. Citicorp subsidiaries in case withholding tax might one day have become payable on them.

Baring Brothers yesterday organised the underwriting for the long-awaited African Development Bank bulldog. The £50m issue was a tricky one to price, as the AfDB has not been seen before in this sector and has a curious capital structure. A margin over the yield on the benchmark gilt-edged stock of 150 basis points was set higher than would have been appropriate for a better-known development bank. *The* bond *matures in 2010, and* there, will be the usual partly-paid feature, plus an issue price close to 92 to take advantage of capital gains tax rules. Pricing will be done tomorrow afternoon and applications open on Thursday.

D-Mark Eurobonds were initially weaker yesterday, but a late rally left them little changed on the day.

In the Swiss franc sector activity was low and prices were steady. UBS priced the SwFr 120m ten-year issue for the Inter-American Development Bank with the expected 6½ per cent coupon, and par issue price.

In the Euroguilder sector the coupon for EIB's Fl 300m issue was cut from 8 to 7¾ per cent, reflecting the continued strength of the market.

BHF Bank bond average

Oct 22		Previous
101.792		101.818
High	1984	Low
101.818		98.056

Swiss domestic sector meets rare upset

John Wicks in Zurich on the impact of a cancelled federal issue

THE CANCELLATION last week of a Swiss federal bond issue brought a note of uncertainty into one of the world's most stable capital markets. At short notice, the national bank and the Finance Ministry issued a single-sentence statement scrapping the SwFr 250m ($98.7m) float, which was to have been open for subscription until Thursday.

This move, the first of its kind since a tender-bid system was introduced for federal bonds in 1979, came as something of a surprise to the market. The Swiss Confederation is traditionally by far its biggest single long-term borrower, with generally five or six issues averaging about SwFr 250m each per year.

The subsequent reason given by the Government was "uncertainty in the markets." Although there has been a gradual rise in Swiss interest rate levels, there are at least hopes that these could drift down again in the not too distant future. *The federal authorities,* however, did not want to be responsible for touching off a new round of increases.

In fact, an October issue would almost certainly have had to bear a 5 per cent coupon – compared with 4¾ per cent for the last two floats – and the tender would doubtless have been for par pricing.

The Government could well afford to pass up this opportunity of recharging its coffers. The budget is looking better than had been expected and there is no need for new funds. In any case, the confederation has already raised nearly SwFr 1.09bn in 10- and 12-year bonds so far this year and a further issue is on the calendar for mid-December.

Moreover, the confederation has a steady volume of about SwFr 600m at its disposal in the form of short-term money market claims (*Buchforderungen*), as well as private placements and other borrowings.

The authorities were also in a position to expect that the signal would be given by the banks. On October 5 the national bank had given permission for the raising of rates on the banks' own medium-term bonds (*Kassenobligationen*) if this was announced by October 19.

These over-the-counter bonds are an important source of financing for the banks: by the end of July, *the 71 leadings banks showed* a record sum of SwFr 52.2bn outstanding. Despite an upward adjustment in June, however, demand had been flagging as better yields from other forms of investment coincided with a considerable bunching of maturities.

Bank Leu, the smallest of the "big five" made the first move soon after the national bank gave its clearance and was followed last week by the remaining big banks and most of the cantonal banks. Increases of ¼ to ½ point have brought coupons up to 5 per cent for three- and four-year bonds and 5¼ per cent for five- to eight-year maturities.

A rise in these rates had been appearing likely following a gradual strengthening in the short-term sector. Time deposit rates were already running at a standard 4.75 per cent for all maturities from three to 12 months – or at the same rate as most banks' three- and four-year bonds. Euromarket rates have also been strong, with the three-month Swiss franc running last week at 5½ per cent despite a weakening of the Eurodollar.

The same upward trend had been noticeable in the long-term market. Cantonal issues, which were being placed at 4½ per cent in the early months of this year, rose a notch to 4¾ per cent in the spring and are now set to enter the 5 per cent zone.

In the private sector, the central mortgage bond institution *(Pfandbriefzentrale)* has announced a 5¼ per cent tag for its latest SwFr 150m borrowing, while EMS-Chemie Holding has attached a 5½ per cent coupon to a new 10-year issue.

Apart from these domestic trends, a large flow of money continues to leave the Swiss franc for dollar investments. The interest differential remains in the region of 8 per cent, even though some dollar interest rates are softening.

With the dollar still at or near an 8½-year high against the Swiss Franc, the currency gain aspect is also significant, particularly in view of the *fact that U.S. inflation is not* that much above Switzerland's 2.7 per cent.

Furthermore, some money at least is likely to be attracted abroad by the lifting of withholding taxes elsewhere.

It remains to be seen whether downward counter-pressure on rates will arise from the very sparse domestic bond calendar for the rest of this year. Assuming the confederation raises SwFr 250m in December, this foresees only seven issues with a combined value of SwFr 885m – of which only SwFr 635m would be accounted for by new money. In comparison, November and December of last year saw more than 30 domestic floats worth some SwFr 2.6bn.

For the planned December issue, the Government says it remains "flexible" in respect both of interest rate and issue sum.

Whatever the case, Berne is not interested in seeing a long period of relatively high interest rates. Now that the *Kassenobligationen* are costing the banks more, it may not be long before there is a move to increase mortgage rates – a key indicator in a country with the world's highest per-capita mortgage debt. Both the national bank and the Finance Ministry are keen to keep inflation below 3 per cent.

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OVER-THE-COUNTER

Stock		Sales (Hnds)	High	Low	Last	Chng

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three-month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.